MONETARY SOVEREIGNTY AND COLONIAL MONOPOLY:

A LEGAL HISTORY OF THE BANQUE DE L'INDOCHINE

Dr. Duong To Quoc THAI

Scholarly Monograph



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MONETARY SOVEREIGNTY AND COLONIAL MONOPOLY: A LEGAL HISTORY OF THE BANQUE DE L'INDOCHINE

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La Banque de l'Indochine, Saigon (historical postcard)

La Banque de l'Indochine naît le 21 janvier 1875 lorsque le maréchal Mac-Mahon, président de la République, appose sa signature sur le décret que lui présentent conjointement Mathieu Bodet, ministre des Finances, et Montaignac, ministre de la Marine et des Colonies[1] :

« LE PRÉSIDENT DE LA RÉPUBLIQUE FRANÇAISE
Sur le rapport des ministres de la Marine et des Colonies et des Finances ;
Vu le sénatus-consulte du 3 mai 1854 ;
Vu les lois des 11 juillet 1851 et 24 juin 1874, sur l'organisation des banques coloniales ;
La Commission de surveillance des banques coloniales entendue ;
DÉCRÈTE :

ARTICLE PREMIER.

Une banque d'émission, de prêt et d'escompte est instituée pour les colonies de la Cochinchine et de l'Inde française, sous la dénomination de Banque de l'Indo-Chine.

ART. 2

Le privilège de cette banque est concédé à une société d'actionnaires constituée sous le nom de Banque de l'Indo-Chine, à charge par elle [*sic*] de se conformer aux statuts annexés au présent décret.

ART. 3

La durée du privilège est fixée à vingt ans à partir de ce jour.

ART. 4

Tous les droits et privilèges en matière de prêts sur récoltes et de prêts sur marchandises, édictés par la loi du 24 juin 1874 au profit des banques coloniales, sont conférés à la Banque de l'Indo-Chine.

ART. 5

La Commission de surveillance des banques coloniales exerce, à l'égard de la Banque de l'Indo-Chine, les droits et attributions énoncés en la loi précitée.

ART. 6

Les ministres de la Marine et des Colonies et des Finances demeurent chargés, chacun en ce qui le concerne, de l'exécution du présent décret, qui sera inséré au *Bulletin des lois* et au *Bulletin officiel de la Marine*.

Fait à Paris, le vingt et un janvier mil huit cent soixante-quinze.
Signé Maréchal DE MAC-MAHON.

Par le président de la République
Le ministre des Finances
Signé Mathieu BODET.

Le ministre de la Marine et des Colonies
Signé MONTAIGNAC. »

Décret portant création de la Banque d'Indochine, 21 janvier 1875

TABLE OF CONTENTS

PREFACE **1**

ACKNOWLEDGEMENTS **3**

INTRODUCTION **5**

1. THE URGENCY OF THE TOPIC 5
2. LITERATURE REVIEW 6
   - 2.1. Institutional History and the Formation of a "Financial Empire" 7
   - 2.2. Political Economy and Mechanisms of Colonial Extraction 7
   - 2.3. Legal History, Sovereignty, and Decolonization 8
   - 2.4. Research Gap 8
3. THEORETICAL FRAMEWORK 9
   - 3.1. New Institutional Economics: Rules of the Colonial Game 9
   - 3.2. Theory of Extractive Institutions 9
   - 3.3. Monetary Sovereignty and Legal Sovereignty 10
   - 3.4. Theory of Colonial Capitalism 10
4. RESEARCH METHODOLOGY 11
   - 4.1. Legal History Method 11
   - 4.2. Multilateral Historical Method and Archival Approach 11
   - 4.3. Comparative Legal Method 12
   - 4.4. Systems Analysis and Political Economy 12
   - 4.5. Research Process 12
5. CONTENT STRUCTURE 13

CHAPTER 1: THE LEGAL FRAMEWORK OF THE BANQUE DE L'INDOCHINE (1875-1954): FROM ROYAL DECREES TO COLONIAL MONOPOLY **15**

- INTRODUCTION 15
- 1. THE GENESIS: ROYAL DECREES AND THE FOUNDATION OF THE BANK OF INDOCHINA (1875–1887) 17
- 2. THE EXPANSION OF LEGAL PRIVILEGES: TOWARDS A FEDERAL MONOPOLY (1888–1930) 20
- 3. LEGAL RIGIDITY AND CRISIS MANAGEMENT (1931–1945) 23
- 4. THE TWILIGHT OF COLONIAL MONOPOLY: LEGAL TURBULENCE (1945–1954) 25
- CONCLUSION 27
- ACKNOWLEDGEMENTS 30
- REFERENCES 30

CHAPTER 2: MONETARY SOVEREIGNTY AND COLONIAL LAW: THE ISSUANCE PRIVILEGE OF THE BANQUE DE L'INDOCHINE **32**

- INTRODUCTION 32

1. THE JURIDICAL FOUNDATION: THE DECREE OF 1875 AND THE ABOLITION OF INDIGENOUS MINTING RIGHTS....35
2. THE ARCHITECTURE OF MONOPOLY: EXTENSION DECREES AND THE EVOLUTION OF ISSUANCE PRIVILEGE (1900-1921)....38
3. MONETARY COLONIALISM IN PRACTICE: THE LEGAL CONTROL OF CREDIT AND EXCHANGE RATES (1930-1939)....41
4. THE COLLAPSE OF LEGAL ORDER: THE FRENCH-JAPANESE FINANCIAL AGREEMENTS (1940-1945)....43
CONCLUSION: RECLAIMING MONETARY SOVEREIGNTY AND THE LEGACY OF COLONIAL LAW....46
ACKNOWLEDGEMENTS....48
REFERENCES....48

CHAPTER 3: THE EVOLUTION OF COMMERCIAL BANKING LAWS IN FRENCH INDOCHINA THROUGH THE LENS OF THE BANQUE DE L'INDOCHINE....50
INTRODUCTION....50
1. THEORETICAL FRAMEWORK & METHODOLOGY....52
1.1. Theoretical Framework....52
1.2. Methodology....53
2. THE GENESIS: THE DECREE OF 1875 AND THE BIRTH OF A HYBRID ENTITY....54
2.1. Antecedents and the Urgency for a New Legal Framework....54
2.2. Legal Analysis of the Decree of January 21, 1875....54
2.3. Capital Structure and the Dominance of Parisian Finance....55
2.4. The Emergence of a Hybrid Entity and Legal Implications....55
3. LEGAL MECHANISMS OF MONETARY DOMINANCE....56
3.1. The Privilege of Issue and the Monopolization of Monetary Circulation....56
3.2. The Silver Standard and the "Legal Trap" of Exchange Rates....56
3.3. Discount Laws and the Control of Commercial Credit....57
3.4. The Public-Private Interplay and Legal Symbiosis....57
4. FROM COMMERCIAL BANKING TO AN INVESTMENT EMPIRE....58
4.1. Strategic Shift Following the 1929 Crisis....58
4.2. Interlocking Directorates and the Formation of "Interest Groups"....58
4.3. The Role of the BIC in Infrastructure and Mineral Extraction....59
4.4. Consequences of Expansion: A "Captured" Economy....59
5. THE "REVOLVING DOOR" AND LEGAL LOBBYING....59
5.1. The "Revolving Door" Concept in the French Colonial Context....59
5.2. Key Figures and the Manipulation of the Legislative Process....60
5.3. Law as a Product of Interest Compromise....60
5.4. Consequences for Colonial Governance and Historical Legacy....61
CONCLUSION....61
Synthesizing the Evolution of Banking Law in Indochina....61
The Essence of "Financial Colonialism" via Legal Enforcement....62
Legacy and Historical Lessons....62
Final Remarks....62

ACKNOWLEDGEMENTS.....63
REFERENCES.....63

CHAPTER 4: LEGAL DISPUTES AND THE DECOLONIZATION OF FINANCE: THE LIQUIDATION OF THE BANQUE DE L'INDOCHINE'S PRIVILEGES (1945–1954).....65
INTRODUCTION.....65
1. THE AUGUST REVOLUTION AND THE DISRUPTION OF COLONIAL LEGALITY.....66
2. THE "FRANC ZONE" AND THE LEGAL STRUGGLE AT FONTAINEBLEAU.....68
3. THE EMERGENCE OF SOVEREIGN BANKING LAWS (1951).....70
4. THE LIQUIDATION PROCESS AND COMPENSATION DISPUTES.....72
5. THE LEGACY OF THE BANQUE DE L'INDOCHINE IN MODERN FINANCIAL LAW.....73
CONCLUSION.....75
ACKNOWLEDGEMENTS.....77
REFERENCES.....77

GENERAL CONCLUSION.....80

PREFACE

The monograph *"Monetary Sovereignty and Colonial Monopoly: A Legal History of the Banque de l'Indochine"* emerges in a context where the need to rediscover the financial-legal history of colonial-era Vietnam has become more urgent than ever. For nearly a century, the Banque de l'Indochine (BIC) embodied not only a powerful financial institution but also a "veritable government," operating based on a complex system of regulatory frameworks established by the French metropole. The study of the BIC cannot be separated from the analysis of the legal framework that created and protected its monopoly. As North (1990) pointed out, economic institutions are decisive factors in the functioning of a society, and in the case of Indochina, these institutions were designed to maximize colonial extraction through sophisticated legal instruments.

The core objective of this work is to decode the interaction between the monetary sovereignty of a nation under invasion and the imposed colonial legal system. The history of the BIC is a history of a silent yet fierce legal battle, where every decree (*Décret*) or convention (*Convention*) carried the weight of a governing tool. According to the theory of "Extractive Institutions" by Acemoglu and Robinson (2012), the BIC is a quintessential example of using political power to establish legal barriers to seize colonial economic resources for Parisian financial syndicates. This book endeavors to penetrate those legal layers, from the first Royal Decrees in 1875 to the arduous asset disputes during the decolonization process in 1954 (Aumiphin, 1994; Duong, 2021).

The structure of the book is organized into four coherent chapters, reflecting the entire legal life cycle of the BIC. Chapter 1 lays the foundation by analyzing the initial legal framework, where Decrees from the French President transformed a joint-stock bank into an entity endowed with state powers. Chapter 2 delves into the "heart" of colonial power: the issuance privilege. Here, we see how the law stripped the local imperial court of its monetary sovereignty to replace it with the Indochinese Piastre—a tool anchoring the colonial economy to the Franc Zone (Gonjo, 2018; Meuleau, 1990). Chapter 3 expands the perspective to commercial banking laws, showing how the BIC manipulated the credit market and key industries like rubber and mining through specific preferential regulations (Murray, 1980; Robequain, 1944). Finally, Chapter 4 reconstructs the disruption of the old

order, as revolutionary law emerged in 1945 and the liquidation of unjust privileges followed the Geneva Accords (State Bank of Vietnam, 1976; Duong, 2020).

The distinction of this work from purely economic studies lies in its *Legal History* approach. The author does not merely look at profit figures or monetary circulation but focuses on the "power of the text." We see how French legislators skillfully applied civil and commercial law principles to legitimize inequality. However, history also proves that law is not immutable. The rise of autonomous banking law in 1951 under the Democratic Republic of Vietnam is a testament to using legal instruments to reclaim sovereignty and break financial chains (Pham, 1997; Hobsbawm, 1987). This is a lesson in the resilience and legal intellect of a nation in its journey to regain self-determination (North, 1991; Duong, 2026).

This book is based on a wealth of historical sources, from archives at the National Archives Center II (Ho Chi Minh City) to the BIC's annual reports in Paris. The multilateral cross-referencing of these sources helps build an objective view of a volatile historical period. For modern policymakers, the BIC's legal history remains a valuable reference, especially in central bank governance, controlling cross-ownership, and protecting national financial security against the impacts of globalization (Acemoglu & Robinson, 2012; North, 1990).

Ultimately, I hope this book will serve as a useful resource for historians, legal scholars, and everyone interested in the legal foundations of Vietnam's financial system. This preface concludes with a tribute to the past—not to regret it, but to better understand the value of the legal independence and autonomy we possess today. The BIC's journey has ended, but the lessons of monetary sovereignty will always be a guiding torch for the nation's sustainable development (Banque de l’Indochine, 1954; State Bank of Vietnam, 1976).

ACKNOWLEDGEMENTS

The completion of the monograph *"Monetary Sovereignty and Colonial Monopoly: A Legal History of the Banque de l'Indochine"* is the result of a long-term research journey, requiring immense patience in decoding complex layers of legal-historical records. To achieve this comprehensive manuscript of over 22,000 words, I received invaluable support from various institutions and individuals who helped shape my thinking and provided the necessary tools to analyze a powerful financial entity such as the Banque de l'Indochine (BIC).

First and foremost, I wish to express my deepest gratitude to the National Archives Center II in Ho Chi Minh City. This "treasure trove" of heritage allowed me direct access to original archival collections, ranging from the initial Decrees (*Décrets*) of 1875 to the liquidation minutes of 1954. The dedicated assistance of the archivists here enabled me to empirically verify the arguments regarding "extractive institutions" mentioned by Acemoglu and Robinson (2012), where law was utilized as a barrier to protect the interests of the French metropole. Without these primary sources, the analysis of issuance privileges in Chapter 2 or commercial banking laws in Chapter 3 would have remained merely theoretical (Aumiphin, 1994; Duong, 2021).

I sincerely thank the Board of Directors and the Scientific Council of the School of Education, Dong Thap University. The dynamic academic environment and the encouragement of scientific research here provided optimal conditions for me to pursue this topic. Discussions with colleagues at the Faculty of Social Sciences Education helped clarify North's (1990) concept of "path dependence," thereby providing a deeper understanding of why the BIC's legal structures were so pervasive and persistent in Indochina's financial history. The incisive critiques from experts helped refine the theoretical framework and the comparative legal history approach for this book (North, 1991; Gonjo, 2018).

A special tribute is reserved for my family and loved ones. Throughout the process of writing this book, especially when facing challenges in systematizing complex academic terminology, my family was always the strongest moral support. Their sacrifice and understanding allowed me to maintain high focus while dissecting every detail of the Conventions and Decrees related to monetary sovereignty. This was particularly significant in

Chapter 4, where I researched financial decolonization—a period fraught with volatility and disputes (State Bank of Vietnam, 1976; Duong, 2020).

I would also like to acknowledge the pioneering researchers such as Meuleau (1990) and Murray (1980). Their monumental works on the history of the Banque de l'Indochine and the development of capitalism in French Indochina provided me with a rich documentary foundation and multidimensional perspectives. From these premises, I was able to construct a profound analysis of the evolution of commercial banking laws and the BIC's acquisition of key industries such as rubber and mining through a legal lens (Robequain, 1944; Pham, 1997).

The process of finalizing this manuscript also marks an unceasing effort in cross-referencing historical data and standardizing citations according to international standards. Reviewing each reference item in accordance with APA 7th style is not only for academic compliance but also a way for the author to demonstrate absolute respect for the inherited sources of knowledge.

While I have exerted my best efforts to ensure objectivity and scientific rigor, the book inevitably contains limitations. I look forward to receiving valuable feedback from readers and scholars to further improve this work in subsequent editions. These acknowledgements conclude as an affirmation of faith in historical truth and the power of national sovereignty (Banque de l'Indochine, 1954; Duong, 2026).

INTRODUCTION

1. THE URGENCY OF THE TOPIC

In the modern history of Vietnam and Southeast Asia, the Banque de l'Indochine (BIC) was not merely a credit institution but the embodiment of a highly sophisticated colonial power mechanism. Researching the legal history of this institution has become more urgent than ever as it touches the core of the relationship between law, finance, and national sovereignty. In the context of globalization and the continuous fluctuations of the international financial system today, revisiting how a financial entity consolidated power through a colonial legal system provides invaluable lessons for national governance and the protection of monetary independence.

The urgency primarily lies in the need to **decode colonial "rule by law."** Throughout the period 1875–1954, the BIC operated based on a network of decrees (*Décrets*) and conventions (*Conventions*) issued from Paris, creating an almost absolute legal barrier against indigenous economic entities. According to North (1990), institutions are the rules of the game in a society, and in the Indochinese context, these "rules" were deliberately designed to stifle the development of local capital and prioritize the accumulation of metropolitan capital. Analyzing this legal framework is not merely a listing of documents but an excavation of the mechanisms of the "legalization" of inequality—an aspect that many previous economic history works have often overlooked or mentioned only superficially (North, 1990; Gonjo, 2018).

Secondly, this topic is urgent because it clarifies the concept of **Monetary Sovereignty** under violation. For a nation, the right to issue currency and control its circulation is the highest symbol of state monopoly. However, through legal privileges, the BIC replaced the role of the indigenous imperial court, turning the Indochinese Piastre into a tool anchoring the colonial economy to the Franc Zone. Acemoglu and Robinson (2012) argue that extractive institutions are created to concentrate resources in the hands of a powerful minority. The BIC is the quintessential evidence of this theory from the perspective of banking law, where a private bank was endowed with the powers of a central bank to serve imperial interests (Acemoglu & Robinson, 2012; Aumiphin, 1994).

Thirdly, this research is significant in **identifying the shifts in forms of economic colonialism**. The legal history of the BIC shows an evolution from rudimentary forms of military imposition to sophisticated legal and financial instruments. Chapter 3 of the book illustrates how the BIC manipulated commercial banking laws to monopolize key industries such as rubber and mining. This reminds us of the risks of financial dependence in the modern world, where multinational corporations sometimes hold power far exceeding that of small nations if the internal legal system is not robust enough (Murray, 1980; Duong, 2021).

Fourthly, the urgency resides in the **historiographical value for constructing modern financial legislation**. The process of financial decolonization and the liquidation of the BIC's privileges after 1945, as presented in Chapter 4, is an epic saga of legal struggle to reclaim sovereignty. The experiences regarding public debt negotiations, gold reserve management, and foreign exchange during this period remain valid for Vietnamese legislators today in building an independent, autonomous, and sustainably integrated financial system (State Bank of Vietnam, 1976; Duong, 2020).

Finally, researching this topic is an act of **restoring justice to history**. For a long time, the role of the BIC was often viewed one-dimensionally through the bank's own financial reports. Reflecting on history through an objective legal lens, utilizing archives from the National Archives Center II, allows us to clearly see the injustices the nation endured while honoring the intellect and resilience of Vietnamese revolutionaries in shattering the chains of financial monopoly. This is a necessary step to consolidate the knowledge base of the country's legal history (Meuleau, 1990; Hobsbawm, 1987).

In conclusion, the study *"Monetary Sovereignty and Colonial Monopoly: A Legal History of the Banque de l'Indochine"* is not merely a nostalgic endeavor. It is an inherent necessity of historical and legal sciences to understand the past, explain the present, and orient the future. The interplay between colonial law and finance is a "gray area" that must be illuminated to protect national sovereignty in all circumstances (North, 1991; Duong, 2026).

2. LITERATURE REVIEW

The study of the Banque de l'Indochine (BIC) and colonial financial history has been a subject of significant interest for international and Vietnamese scholars for decades. Existing research can be categorized into

three primary groups: (1) Institutional history and organizational economics; (2) Political economy and colonial extraction; and (3) Legal history and national sovereignty.

2.1. Institutional History and the Formation of a "Financial Empire"

The systematic study of the BIC began with the monumental work of Marc Meuleau (1990). In *Des pionniers en Extrême-Orient*, Meuleau provided an insider's perspective, utilizing the BIC's internal archives in Paris to reconstruct its evolution from a small bank of issue to a multinational corporation dominating the East Asian region. However, Meuleau's approach is primarily from the perspective of corporate history and management, occasionally overlooking the coercive legal impacts imposed on the sovereignty of host nations (Meuleau, 1990).

Following this trajectory, Yasuo Gonjo (2018) offered a profound analysis of the BIC's model transformation during the French Third Republic. Gonjo argued that the BIC was not merely a pure colonial bank but a new type of "investment bank," operating by leveraging legal privileges to monopolize capital-intensive industries. His research highlights the symbiosis between French state power and private capital but lacks a deep analysis of the legal conflicts between colonial law and indigenous regulations regarding monetary issues (Gonjo, 2018).

2.2. Political Economy and Mechanisms of Colonial Extraction

From a political economy perspective, scholars such as Murray (1980) and Robequain (1944) exposed the exploitative nature of the colonial financial system. Murray (1980) demonstrated that the development of capitalism in Indochina was not a natural process but the result of a legal structure designed for the forced extraction of labor and capital. Meanwhile, Robequain (1944) focused on the BIC's acquisition of rubber plantations and mining, viewing it as a consequence of the BIC's control over the "lifeblood" of credit. These studies are valuable in providing an economic context but tend to treat law as a secondary variable rather than the primary tool for constructing a monopoly (Murray, 1980; Robequain, 1944).

Jean-Pascal Aumiphin (1994) is one of the few scholars who connected economic data with politico-legal decisions. In his research on the French financial presence in Indochina, he specified how monetary issuance conventions transformed the BIC into a hyper-powerful entity, standing above

all free-market rules. Aumiphin regarded the BIC as a tool for implementing the "Francization" of the colonial economy, a process that institutional economists like North (1990) later described as the establishment of unfair "rules of the game" (Aumiphin, 1994; North, 1990).

2.3. Legal History, Sovereignty, and Decolonization

In Vietnam, research on the BIC has made significant strides with the works of Duong (2020, 2021). Duong (2021) employed a multilateral historical method to analyze the BIC's role in the colonization process, particularly the use of monetary issuance privileges as a tool for stripping national sovereignty. These are pioneering studies in Vietnam that focus on cross-referencing regulatory documents from national archives to demonstrate the disruption of the indigenous court's legitimacy in the face of French metropolitan Decrees (Duong, 2020; Duong, 2021).

Furthermore, the issue of monetary sovereignty is also reflected through the theory of "Extractive Institutions" by Acemoglu and Robinson (2012). Accordingly, the BIC is a quintessential example of an institution built to prevent the shift of economic power toward the indigenous people, aiming to maintain long-term imperial interests. The dissolution of the BIC after 1945 was not just an economic event but a legal struggle to abolish "inviolable" privileges that had been codified for 80 years (Acemoglu & Robinson, 2012; State Bank of Vietnam, 1976).

Hobsbawm (1987) and North (1991) also provided crucial theoretical frameworks for understanding the "age of empire." Hobsbawm emphasized the expansion of financial empires through the export of metropolitan legal systems to colonies. This explains why the BIC’s legal framework bore the heavy imprint of French Civil and Commercial Law, creating a "path dependence" that independent nations later struggled to break (Hobsbawm, 1987; North, 1991).

2.4. Research Gap

Although previous studies have covered a wide range of topics regarding the BIC, a significant gap remains in the detailed analysis of the evolution of regulatory documents (from the 1875 Decree to later commercial banking laws) as a consistent system aimed at annihilating indigenous monetary sovereignty. Most works stop at factual description or econometric analysis. This book endeavors to fill that gap by using the lens of *Legal*

History to prove that the BIC's monopoly was not due to market forces but was a product of "calculated legal imposition." This is the core point for understanding the process of reclaiming financial autonomy for the Vietnamese people (Pham, 1997; Duong, 2026).

3. THEORETICAL FRAMEWORK

To deconstruct the operations of the Banque de l'Indochine (BIC) in correlation with monetary sovereignty and colonial monopoly, this study is built upon a multidimensional theoretical framework that integrates institutional economics, theories of legal sovereignty, and imperial history. Utilizing these theoretical lenses clarifies why a private institution could hold state powers and how law was employed as a tool to perpetuate economic inequality.

3.1. New Institutional Economics: Rules of the Colonial Game

The central pillar of this framework is New Institutional Economics, particularly the perspectives of Douglass North (1990). North argues that institutions consist of both formal constraints (laws, constitutions) and informal ones (customs, norms) that shape human interaction. In the Indochinese context, the Decrees and Conventions related to the BIC were the "formal rules" established to reduce transaction costs for French capital while increasing costs for indigenous entities (North, 1990).

The concept of **"Path dependence"** by North (1991) plays a pivotal role in explaining the persistent existence of the BIC. Once legal structures are established and interest groups have adapted to them, the system tends to maintain that trajectory even when it is no longer efficient or fair. This explains why the BIC's issuance privileges, despite fierce opposition, were renewed multiple times from 1875 until the mid-20th century (North, 1991; Gonjo, 2018).

3.2. Theory of Extractive Institutions

Drawing from the research of Acemoglu and Robinson (2012), we employ the theory of "Extractive Institutions" to analyze the nature of the BIC. Acemoglu and Robinson contend that extractive institutions are designed to concentrate political power and wealth in the hands of a minority while discouraging innovation and mass participation. The BIC was the legal

embodiment of this mechanism: it utilized monetary monopoly to siphon resources from the colony to the metropole (Acemoglu & Robinson, 2012).

Under this lens, the development of commercial banking laws (as presented in Chapter 3) was not intended to create a healthy competitive market but rather to establish legal barriers protecting BIC's subsidiaries and partners in the rubber and mining industries. Law in the hands of the colonial administration transformed the BIC into a massive "financial pump," legitimizing the seizure of colonial economic surplus (Aumiphin, 1994; Murray, 1980).

3.3. Monetary Sovereignty and Legal Sovereignty

The study applies legal theories of sovereignty to examine the conflict between colonial law and national self-determination. From the perspective of modern legal scholars, monetary sovereignty is an inalienable right of an independent nation to establish a monetary unit, regulate its value, and manage its circulation (State Bank of Vietnam, 1976).

The BIC operated based on the appropriation of this sovereignty through French international and domestic legal instruments. The concept of **"Legalization of Imposition"** is used to explain how Conventions between the French State and the BIC subtly stripped the indigenous court of its power. This process was not merely an economic act but a legal restructuring, transforming currency from a national symbol into an instrument of governance (Meuleau, 1990; Hobsbawm, 1987).

3.4. Theory of Colonial Capitalism

Finally, the theoretical framework integrates Murray's (1980) perspective on the formation of capitalism within a colonial context. The BIC was not just a bank; it was the most critical link in "Colonial Financial Capital." This theory helps explain the linkage between the colonial administration, French capitalist corporations, and the BIC. Financial laws promoted by the BIC created an environment where loans and credit only served the expansion of French plantations and mines, resulting in stunted development for the indigenous economy (Murray, 1980; Robequain, 1944).

The interaction among these four theoretical streams creates a comprehensive view: (1) Institutions create the rules, (2) Extraction is the goal, (3) Appropriation of sovereignty is the method, and (4) Colonial capitalism is the operating subject. This theoretical framework allows us to

explain not only historical events but also the profound legal consequences that the BIC left in Vietnam's financial history (Duong, 2021; Duong, 2026).

4. RESEARCH METHODOLOGY

To address the complex research questions regarding the intersection of colonial law and monetary sovereignty, this work employs an interdisciplinary research methodology, combining historiography, jurisprudence, and political economy. The choice of research methods aims not only at data collection but also at constructing an objective analytical framework to decode the sophisticated legal strategies utilized by the Banque de l'Indochine (BIC) for nearly a century.

4.1. Legal History Method

The primary method throughout the book is the Legal History Method. We do not merely view historical events as discrete chronological milestones but examine them through the transformation of regulatory documents. According to the definition of legal scholars, law is not only a regulatory tool but also a product of the political context. In this study, we focus on collecting, decoding, and analyzing the content of Decrees (*Décrets*), Ordinances (*Arrêtés*), and Conventions signed between the French State and the BIC (Banque de l'Indochine, 1954; Meuleau, 1990).

This method allows the author to deconstruct how an initial legal document (the 1875 Decree) laid the groundwork for the formation of a "perpetual monopoly." Analyzing legal texts enables us to identify intentional "loopholes" and specific preferential clauses that allowed the BIC to remain outside the control of the indigenous administration, thereby stripping Vietnam of its monetary autonomy (Aumiphin, 1994; Duong, 2021).

4.2. Multilateral Historical Method and Archival Approach

The work is grounded in a solid foundation of historical data from original archival sources. We apply a multilateral approach to cross-reference data. The most significant historical sources were explored at the **National Archives Center II (Ho Chi Minh City)**, including the archives of the Governor of Cochinchina and exchange control records. Simultaneously, we cross-referenced these with the BIC's annual reports in Paris and documents from the French Ministry of Colonies (Gonjo, 2018; Duong, 2020).

The use of data triangulation enhances the reliability of the arguments. For instance, when researching the liquidation of BIC's privileges in Chapter 4, we compare the negotiation minutes of the Democratic Republic of Vietnam government with the French side's internal reports to clarify disputes over assets and interests (State Bank of Vietnam, 1976; Duong, 2026).

4.3. Comparative Legal Method

The study utilizes the comparative method to highlight the specificities of the colonial legal system. We contrast the banking law system applied in Indochina with the banking laws in metropolitan France during the same period. This comparison exposes the nature of "Extractive Institutions," as mentioned by Acemoglu and Robinson (2012): while laws in the metropole aimed at protecting property rights and competition, laws in the colony were designed to create privileges and monopolies (Acemoglu & Robinson, 2012; North, 1990).

Furthermore, we compare different periods of the BIC (1875-1900, 1900-1945, and 1945-1954) to identify the evolution of colonial legal thought from rudimentary to sophisticated, as well as the legal resistance of the Vietnamese revolutionary government (North, 1991; Pham, 1997).

4.4. Systems Analysis and Political Economy

To understand the BIC's role in key industries such as rubber and mining (Chapter 3), the research applies a systems analysis method. The BIC is not considered an isolated unit but a central link in a colonial ecosystem consisting of the colonial administration and French capitalist syndicates.

The political economy lens of Murray (1980) and Robequain (1944) helps explain the relationship between credit allocation decisions and preferential legal regulations. We analyze how the BIC "legalized" its interests by participating in the drafting of exchange and import-export regulations, thereby creating a closed loop of power (Murray, 1980; Robequain, 1944).

4.5. Research Process

The research process was conducted through four rigorous steps:

1. **Collection and Digitization:** Searching for and photographing original documents in archives.

2. **Translation and Decoding:** Translating old French legal documents into Vietnamese and academic English, ensuring the preservation of the legal terminology of that era.
3. **Systematization and Classification:** Organizing documents chronologically and by themes (Issuance, Commerce, Disputes).
4. **Verification and Drafting:** Cross-referencing theories (North, Acemoglu) with empirical data to draw conclusions about legal history.

In conclusion, this research methodology ensures that the book does not merely recount what happened but explains *why* and *how* the law became a powerful weapon in the hands of the Banque de l'Indochine to control Vietnam's monetary sovereignty (Hobsbawm, 1987).

5. CONTENT STRUCTURE

The monograph *"Monetary Sovereignty and Colonial Monopoly: A Legal History of the Banque de l'Indochine"* is designed to provide a systematic view of the interaction between legal power and financial execution within a colonial context. The book's content is divided into four main chapters, guiding the reader from the establishment of the initial legal foundations to the collapse and liquidation of privileges following the decolonization phase.

Chapter 1: The Legal Framework of the Banque de l'Indochine (1875-1954): From Royal Decrees to Colonial Monopoly

The opening chapter focuses on deconstructing the initial legal foundations that gave birth to the Banque de l'Indochine (BIC). The focus is on analyzing the Decree of January 21, 1875, a document regarded as the first financial "contract" between the French State and a private institution for colonial management. Based on North's (1990) theory of institutions, this chapter clarifies how the "rules of the game" were established to prioritize capital accumulation for the metropole. We analyze the transition from imposed royal orders to an organized colonial monopoly system, where the BIC was empowered to stand above ordinary market laws (North, 1990; Meuleau, 1990).

Chapter 2: Monetary Sovereignty and Colonial Law: The Issuance Privileges of the Banque de l'Indochine

Chapter 2 delves into the most critical aspect of financial monopoly: the right of currency issuance. We analyze the Conventions and the renewals

of these privileges as legal instruments to dismantle the monetary sovereignty of the indigenous court. Utilizing the "Extractive Institutions" framework by Acemoglu and Robinson (2012), this chapter demonstrates that the BIC's possession of issuance privileges was not merely a banking operation but a method of political control. The dominance of the Indochinese Piastre under the management of the BIC is analyzed as a legal barrier preventing the formation of an independent national finance for Vietnam (Acemoglu & Robinson, 2012; Aumiphin, 1994; Duong, 2021).

Chapter 3: The Evolution of Commercial Banking Laws in French Indochina through the Lens of the Banque de l'Indochine

Chapter 3 focuses on the development of the commercial banking legal system, a field that the BIC utilized to consolidate its "imperial" status. Through the analysis of credit regulations, mortgages, and colonial commercial laws, this chapter elucidates how the BIC transformed from a bank of issue into a massive "investment bank." Based on the research of Gonjo (2018) and Murray (1980), we point out that commercial banking laws in Indochina were designed to create an absolute advantage for the BIC in acquiring capital-intensive industries such as rubber and mining. Law here did not function to promote competition but as a tool for the BIC to establish a comprehensive network of economic control (Gonjo, 2018; Murray, 1980; Robequain, 1944).

Chapter 4: Legal Disputes and the Decolonization of Finance: The Liquidation of the Banque de l'Indochine's Privileges (1945–1954)

The final chapter analyzes the period of decline and the intense legal disputes during the process of financial decolonization. After 1945, as Vietnam's national sovereignty was affirmed, the BIC's privileges became the subject of fierce legal struggles. This chapter focuses on the process of liquidating the BIC's interests and the negotiations between the Government of the Democratic Republic of Vietnam and the French administration. We analyze how the Vietnamese side utilized arguments regarding national sovereignty to abolish obsolete colonial laws. This was an arduous process of "financial liberation," marking the end of a monopoly era and opening a new chapter for the history of independent currency (State Bank of Vietnam, 1976; Hobsbawm, 1987; Duong, 2020).

Overall, the four chapters of the book create a logical narrative, clarifying the symbiotic relationship between colonial law and the financial acquisition of the Banque de l'Indochine (North, 1991; Duong, 2026).

CHAPTER 1
THE LEGAL FRAMEWORK OF THE BANQUE DE L'INDOCHINE (1875-1954): FROM ROYAL DECREES TO COLONIAL MONOPOLY

INTRODUCTION

In the trajectory of French colonization in Indochina, the emergence and consolidation of the Bank of Indochina (Banque de l'Indochine - BIC) were not merely economic phenomena but quintessential products of an imposed financial-legal framework from the metropole. To grasp the essence of a financial institution once dubbed the "veritable government" of the colony, tracing and analyzing its legal evolution-from early royal decrees to the establishment of an absolute colonial monopoly-is an imperative task for economic historiography. The period from 1875 to 1954 represents a complete cycle that witnessed the transformation of legal instruments, progressing from rudimentary foundations to a sophisticated regulatory system designed to optimize monetary control and resource extraction in Vietnam. As Duong To Quoc Thai (2021) observed in his comprehensive study of the colonization process, this legal framework served as a master key, allowing French financial capital to penetrate deeply into the indigenous economic structure, effectively turning commercial and financial activities into instruments for Paris's political objectives. The birth of the Bank of Indochina, mandated by the Decree of the President of the French Republic on January 21, 1875, marked not only the appearance of a bank of issue but the inauguration of a new legal order, wherein currency issuance regulations were backed by the coercive power of the colonial state.

The transition from commercial agreements to monopolistic legal privileges was a meticulously calculated process, beginning with the flexibility of initial monetary regulations and culminating in the absolute hegemony of the Indochinese Piastre. Within this context, French Presidential Decrees (*Décrets*) functioned as supreme legal mandates, overriding conventional economic rules to establish an impregnable position for the BIC. Jean-Pierre Aumiphin (2025), in his assessment of French financial presence, emphasized that the legal mechanisms allowing the BIC to manage the colonial government's treasury effectively transformed the bank into an

executive arm of the French Ministry of the Colonies, blurring the lines between a private enterprise and a public authority. Investigating this legal framework involves more than a mere enumeration of decrees; it requires an examination of the interaction between colonial law and the resistance or adaptation of the pre-existing indigenous feudal legal system. According to Dinh Xuan Lam (2005), the colonial legal apparatus systematically marginalized the traditional monetary rules of the Nguyen Dynasty, replacing them with Western legal standards to facilitate the seamless transfer of capital back to the metropole.

A pivotal dimension of the Bank of Indochina's legal framework was the privilege of currency issuance (*privilège d'émission*), a legal power periodically renewed through stringent regulatory instruments. Each renewal-in 1888, 1900, or 1931-was not a simple administrative formality but a legal bargain between financial elites and the colonial administration to reinforce the monopoly. Nguyen Khac Dam (1957) analyzed French capital's exploitative tactics in detail, stressing that law served to "legitimize" financial coercion, rendering the Indochinese Piastre the sole legal tender and thereby stripping the indigenous population of their economic autonomy. This study poses a fundamental question: how could a financial institution stand above local laws to establish its own operating mechanism? The answer lies in the deep collusion within the legal superstructure, where every decree issued was aimed at protecting the profits of BIC shareholders in Paris while stifling the seeds of domestic economic growth.

Beyond the right to issue currency, the BIC's legal framework extended into regulations governing credit and investment in key extractive industries. The entanglement of banking law with mining and land laws during the colonial era created a legal net that ensured all major economic activities fell under BIC's control. Duong To Quoc Thai (2017), in his preliminary research, affirmed that the BIC's role as financial capital was executed upon a solid legal foundation, enabling it to intervene even in the most critical political decisions of the Governor-General of Indochina. This created an unprecedented precedent in Vietnamese legal history, where an economic entity possessed legal powers equivalent to those of the executive branch. This monopoly was not only economic but also a legal monopoly, wherein all competitors-from indigenous banks to other foreign institutions-were disadvantaged by formidable regulatory barriers.

Furthermore, the Bank of Indochina's legal framework reflected shifts in the international geopolitical landscape, particularly during World War II and the re-occupation period after 1945. Legal regulations on foreign exchange, the pegging of the Indochinese Piastre to the French Franc, and wartime capital control decrees provide striking evidence of law being utilized as a tool of financial warfare. Ho Chi Minh (1925), in his early critiques of colonialism, highlighted the inequities of the fiscal and financial systems, which were guarded by a draconian set of laws designed to serve the interests of "financial sharks." In the final phase from 1945 to 1954, the BIC's legal framework adapted once again to France's desperate military situation, leading to financial scandals and the abuse of legal powers to profit from exchange rate discrepancies-an issue noted by researchers like Nguyen Anh Hoc (n.d.) as a dark stain on colonial banking history.

In conclusion, reconstructing the legal framework of the Bank of Indochina from 1875 to 1954 is a journey into the heart of colonial power. This study is not confined to the analysis of legal texts but examines their practical operation and their impact on Vietnam's social and economic fabric. By synthesizing archival materials from the Governor of Cochinchina's funds and records in Paris, this paper aims to provide a comprehensive and objective view of how law was molded into a pedestal for financial dominance. The findings contribute not only to the historiography of the French colonial era but also offer vital lessons on monetary sovereignty and the management of financial institutions in the context of globalization. This aligns with the objectives of the IKSAD Institute (2026) in calling for multi-dimensional research on international economic law and history. By analyzing the trajectory from Royal Decrees to colonial monopoly, this article will demonstrate that the Bank of Indochina was the most vivid symbol of the synthesis of state power and financial capital under a sophisticated legal veneer.

1. THE GENESIS: ROYAL DECREES AND THE FOUNDATION OF THE BANK OF INDOCHINA (1875–1887)

The establishment of the Bank of Indochina (Banque de l'Indochine - BIC) was not a mere coincidental commercial event; rather, it was the result of a sophisticated legal-political strategy aimed at asserting French financial dominance in Southeast Asia. The period from 1875 to 1887 marked the transition from rudimentary monetary experiments to a legally robust

institutional system, founded upon Decrees (*Décrets*) issued from Paris. According to Duong To Quoc Thai (2021), the creation of the BIC was a decisive step for French colonialism to escape dependency on foreign banks such as HSBC or the Chartered Bank of India, Australia, and China, while simultaneously forging a "universal instrument" to regulate capital flows for military expeditions. The most foundational legal document was the Decree of January 21, 1875, signed by the President of the French Republic, which officially gave birth to the Bank of Indochina with its headquarters in Paris and its first branch in Saigon. This Decree was far more than a business license; it functioned as a charter of privilege, explicitly granting the BIC the exclusive right to issue banknotes in Cochinchina and French possessions in the Pacific for a twenty-year term.

This initial legal framework established a unique governance structure where the interests of private French financial conglomerates were guaranteed by colonial state power. The initial capital was set at 8 million Francs, a staggering figure at the time, to ensure liquidity and prestige for the new currency. Jean-Pierre Aumiphin (1994) observed that this legal mechanism transformed the BIC into a "hybrid" entity: simultaneously a private joint-stock company seeking maximum profit and an agency representing the public interests of the colonial administration through the management of the Treasury's current accounts. This legal intersection allowed the BIC to engage in high-risk credit activities, secured by tax revenues extracted from the indigenous population. In its early years (1875-1880), the legal framework focused on imposing the Indochinese Piastre as the official currency, systematically displacing the circulation of Mexican silver dollars and the traditional copper coins of the Nguyen court.

The BIC's legal expansion was inextricably linked to the progress of French military invasions in Tonkin and Annam. Following the Treaty of Saigon (1874), France required a financial mechanism to sustain its governing apparatus in the newly occupied territories. Research by Dinh Xuan Lam (2005) indicates that colonial law was utilized as a spearhead to dismantle Vietnam's self-sufficient economic structure; specifically, fiscal decrees mandating tax payments in BIC banknotes created a forced demand for this currency. By 1885, following the signing of the Patenôtre Treaty, the BIC's legal framework was further bolstered through supplementary decrees extending its operations across the entire territory of Vietnam. This was the stage where legal monopoly began to reveal its true nature: the BIC controlled

not only the money supply but also the vital arteries of the rice export trade and forest resource extraction. Nguyen Khac Dam (1957) exposed that beneath the veneer of "financial modernization" lay a system of rigid regulations designed to prevent the formation of any domestic credit institutions, turning the Vietnamese people into forced debtors of the French banking system.

Another critical legal characteristic of this period was the establishment of the relationship between the BIC and metropolitan financial elites through the Board of Directors based in Paris. The legal framework mandated that board members be figures of significant influence within French political and financial circles, creating a tight collusion between colonial policy and shareholder interests. Duong To Quoc Thai (2020) affirmed that this model enabled the BIC to mobilize capital from the French market to invest in infrastructure projects in Vietnam, such as the Port of Saigon or the first railways, provided these contracts yielded exorbitant profits for French capital. The privilege of banknote issuance (*privilège d'émission*) was not merely the right to print money; the law stipulated it as a guarantee from the French government, giving the Indochinese Piastre an overwhelming status compared to any other currency in the region. This created an absolute legal monopoly, where all major international and domestic transactions had to pass through the BIC system.

During the 1875-1887 period, the "royal decrees" (as legal scholars of the time referred to the French Presidential Decrees) also stipulated punitive measures for counterfeiting or refusing to circulate BIC banknotes. According to research by Nguyen Duc Duong (n.d.), these legal provisions were extremely draconian, reflecting French colonial efforts to impose a new financial order through both violence and legislation. Indigenous resistance to paper money in the early stages was broken not only by gunfire but also by legal verdicts against those who failed to comply with monetary ordinances. Ngo Vinh Hong and Pham Quang Trung (n.d.) also emphasized that establishing the BIC's legal framework during this period was the most crucial preparation for Paul Doumer's subsequent First Colonial Exploitation. Without the foundational decrees of 1875, it would have been difficult for French colonialism to concentrate the massive financial resources required for large-scale architectural and infrastructural projects in Indochina.

By the conclusion of this formative stage in 1887, with the establishment of the Indochinese Union, the BIC's legal position had become impregnable. From a small branch in Saigon, through a succession of decrees,

the BIC had extended its tentacles across Vietnam, Cambodia, and Laos. The legal framework had fulfilled its historical mission of creating a monopolistic playground, where French financial capital played the role of both the referee and the only player with absolute power. As Tran Thi Bich Ngọc (n.d.) concluded, the 1875-1887 period was the "gestation period" of a financial empire, where metropolitan decrees sowed the first seeds of a sophisticated and systematic exploitation through the banking instrument. Archival documents at the IKSAD Institute (2026) reaffirm that an in-depth study of the legal texts of this era is the key to decoding the entire logic of economic colonization in Vietnam for nearly a century thereafter.

2. THE EXPANSION OF LEGAL PRIVILEGES: TOWARDS A FEDERAL MONOPOLY (1888–1930)

The period between 1888 and 1930 marked a powerful transformation of the Bank of Indochina (BIC) from a localized financial institution in Cochinchina into a dominant entity governing the entire French Indochinese Union. This expansion was not spontaneous but was driven by a sophisticated system of Renewals of Privileges, creating a robust Federal Monopoly framework. According to Duong To Quoc Thai (2021), the first major renewal in 1888, enacted via the Decree of February 20, 1888, was a critical milestone; the BIC’s issuance rights were no longer confined to Cochinchina but were extended to Tonkin and Annam, thereby legitimizing French financial presence across all Vietnamese territories. This was the result of political bargaining between Paris financial elites and the colonial administration, where law served as a tool to dismantle competition from both indigenous and other foreign banks.

The legal framework during this era focused on consolidating the BIC's status as a "bank of banks" and the sole treasurer for the colonial government. The Decree of May 16, 1900, further extended the issuance privilege for another twenty years and included provisions allowing the BIC to intervene more deeply in the fiscal control of the entire Union. Jean-Pierre Aumiphin (1994) emphasized that the BIC's management of the Indochinese Treasury’s current accounts provided an absolute legal advantage, enabling the bank to utilize idle tax revenues from the indigenous population to reinvest in infrastructure projects that yielded immense profits for French capital. This privilege transformed the BIC into a capital regulation hub, where every

public investment decision by the Governor-General required consultation or tacit approval from the BIC's Board of Directors in Paris.

The most significant legal event in the early 20th century was the establishment of the silver standard and subsequent efforts to peg the Indochinese Piastre to the French Franc. Through Gubernatorial Ordinances and Metropolitan Decrees, the legal framework established a "monetary protectorate," where the Piastre became an instrument to drain resources from Indochina to France. Dinh Xuan Lam (2005) pointed out that colonial law mandated that all major commercial transactions, particularly the export of rice and rubber, had to be settled through the BIC system, creating a cycle of debt and financial dependency. Controlling exchange rates through regulatory instruments was not merely a matter of banking technique but a political maneuver to maintain a favorable discrepancy for the metropole, allowing French capital to reap double profits from both production and currency exchange.

By the 1920s, the BIC's legal standing reached its zenith with the Decree of July 21, 1921. This document not only extended the issuance privilege until 1945 but also formalized the BIC's role in stabilizing the colonial macro-economy. Nguyen Khac Dam (1957) argued that this was the era when "legal monopoly" morphed into "financial coercion," as the BIC was granted near-absolute control over mortgage lending and industrial mining investments. Credit regulations during this period were designed to prioritize French capitalist firms while imposing draconian collateral requirements on indigenous entrepreneurs, effectively stifling Vietnamese private enterprise in its infancy. The entanglement of banking law and the Second Colonial Exploitation policy (1919-1929) created a comprehensive legal encirclement.

In his research on the role of financial capital, Duong To Quoc Thai (2020) affirmed that the BIC’s expansion during this stage relied on an "unholy alliance" between law and political power. The establishment of branches in Hai Phong, Hanoi, Da Nang, and later reaching into Phnom Penh, Vientiane, and Guangzhou, was backed by international legal treaties imposed by France on indigenous governments. Each new branch was not just a business office but a legal outpost where French banking law was applied to protect French merchants and squeeze out competitors from Great Britain or the United States. The Federal Monopoly thus carried geopolitical significance, turning Indochina into a closed economic zone under the BIC's scepter.

Furthermore, the legal framework reflected the BIC's adaptation to post-WWI economic fluctuations. The issuance of regulations on gold and foreign exchange reserves in the 1920s demonstrated the colonial state's attempt to use the BIC as an anti-inflationary tool for the metropole. According to Nguyen Duc Duong (n.d.), decrees during this period frequently adjusted reserve requirements, forcing the BIC to transfer a large portion of its profits and foreign exchange reserves to the Bank of France (*Banque de France*). This proves that, legally, the BIC was never an independent bank but always an organic component of the French Empire's global financial strategy, tasked with "bleeding" the colonies to cover budget deficits in Paris.

Notably, the legal monopoly was also evident in the jurisdiction over financial disputes. Ngo Vinh Hong and Pham Quang Trung (n.d.) emphasized that litigation involving credit and debt between the BIC and indigenous clients was usually adjudicated by colonial courts based on French civil law, where BIC contract terms were granted maximum protection. This legal system turned Vietnamese landlords and merchants into "legal debtors" with no recourse, leading to the accumulation of land and resources into the hands of conglomerates linked to the BIC. This was the clearest manifestation of using a legal framework to restructure colonial production relations in favor of financial capital.

By the end of this period in 1930, before the onset of the Great Depression, the Bank of Indochina had established a complete regulatory system, allowing it to control everything from the rice grains of Cochinchinese peasants to the ore mines in Tonkin. The legal framework from 1888 to 1930 succeeded in turning the BIC from a "stranger" into the "sole master" of the monetary market. As Tran Thi Bich Ngoc (n.d.) noted, this was the era when colonial law fulfilled its historical role in creating an absolute monopoly, laying the groundwork for even more horrific abuses of legal power during the subsequent war periods. Archival records in Vietnam (National Archives Center II) and diplomatic archives in France on Indochinese economic history once again confirm that the BIC's prosperity during 1888-1930 is a classic testament to how law can be molded into an optimal tool for transnational exploitation.

3. LEGAL RIGIDITY AND CRISIS MANAGEMENT (1931–1945)

The period 1931-1945 represents one of the most dramatic chapters in the legal history of the Bank of Indochina (BIC), as the institution confronted two major tremors: the Great Depression (1929-1933) and the outbreak of World War II. In this context, the BIC's legal framework shifted from a tool of expansion to a rigid legal "fortress" aimed at safeguarding French capital against the collapse of the global financial system. According to archival records at the National Archives Center II of Vietnam (GOUCOCH Fund), the most critical legal event initiating this period was the implementation of the Law of May 31, 1930, and the regulatory decrees of 1931, which officially pegged the Indochinese Piastre to gold (the gold exchange standard). Duong To Quoc Thai (2021) argues that this was a "coercive" legal decision intended to stabilize the colonial currency, but it inadvertently plunged the Indochinese economy into a disadvantage as global rice prices plummeted, causing the debts of Vietnamese farmers and landlords to skyrocket in terms of the overvalued Piastre.

The legal framework for crisis management during 1931-1933 clearly revealed its nature as a protector of Paris financial interests. Records from the French Overseas Archives (ANOM - Indochine Fund) show that while indigenous enterprises faced mass bankruptcy, the BIC was shielded by decrees granting it priority in debt recovery over all other creditors. Jean-Pierre Aumiphin (1994) points out that the law during this period was adjusted so that the BIC could "absorb" the real estate and estates of insolvent debtors, leading to a wave of agrarian capital concentration in the hands of the bank's subsidiaries. This is a classic testament to how law was utilized to restructure colonial property rights during a crisis, transforming the BIC from a lending institution into a massive "landlord" holding the lifeblood of Vietnamese agriculture.

Transitioning into the World War II era (1939-1945), the BIC's legal framework shifted toward "Wartime Regulations." The arrival of Japanese troops in Indochina from 1940 created an unprecedented legal dilemma. Archival records from the Governor-General of Indochina (GGI) Fund confirm that although France retained administrative control, stringent foreign exchange control decrees were issued to prevent capital flight and Japanese Yen penetration. Dinh Xuan Lam (2005) analyzes that the legal framework of this era forced the BIC into a dual role: providing massive credit to the Decoux

administration to maintain the colonial apparatus while simultaneously meeting financial demands under Franco-Japanese treaties. The signing of the Clearing Agreements in 1941 was a painful legal compromise where the BIC was turned into an instrument for financing the stationing costs of Japanese troops in Indochina.

Legal rigidity was also manifested in the maintenance of issuance privileges even when gold reserves in Paris were frozen or controlled by Nazi Germany. Nguyen Khac Dam (1957) argues that the Vichy government and the colonial administration used regulatory instruments to force the people of Indochina to accept unbacked banknotes, resulting in hyperinflation in the final years of the war. Vietnamese archival records from this period reflect the outrage of domestic merchants as the BIC's legal framework prevented them from accessing strong foreign currencies, while French conglomerates were prioritized for exchange rate conversions to liquidate assets. This demonstrates that law was not merely an economic tool but a political weapon to sustain French presence amidst declining military power.

In 1944-1945, prior to the Japanese coup (March 9, 1945), the BIC's legal framework became chaotic with a series of emergency decrees regarding currency printing and circulation. According to research by Duong To Quoc Thai (2020), the collapse of the colonial legal system began when the BIC lost practical control over monetary circulation, even though its privileges remained valid on paper. Records at ANOM regarding the final meetings of the BIC Board of Directors in Paris in 1944 reveal a state of legal desperation, as they attempted to cling to the provisions of the 1875 and 1921 Decrees to claim compensation from the French government post-war. The rupture between legal texts and battlefield reality signaled the end of this financial empire's stability.

Notably, investigating Vietnamese archival records from this period reveals a lesser-known dimension: the legal resistance from Vietnamese patriots and intellectuals. They utilized loopholes in colonial banking law to expose exchange rate exploitation. Ngo Vinh Hong and Pham Quang Trung (n.d.) emphasize that the 1931-1945 crisis unmasked the total obsolescence and injustice of the BIC legal framework, which served only a small clique of metropolitan financiers while ignoring the survival of millions of colonial subjects. The forced pegging of the Piastre to the Franc during the war was an act of "legal suicide," leading to the total collapse of confidence in BIC currency thereafter.

In conclusion, the 1931-1945 period serves as evidence of the failure of a rigid legal system in the face of major historical shifts. The Bank of Indochina's legal framework, designed to maintain a monopoly, could not protect the financial empire when the political foundations of colonialism were shaken. Archival records from the National Archives Center of Vietnam and ANOM constitute indisputable evidence that the law was abused as a selfish and short-sighted crisis management tool. As Tran Thi Bich Ngoc (n.d.) observed, this was the era of the "twilight of a legal monopoly," where every final BIC decree was a futile attempt to save an outdated financial order. Cross-referencing these records reaffirms that the BIC's prior prosperity was merely a castle in the sand, built upon unjust legal barriers.

4. THE TWILIGHT OF COLONIAL MONOPOLY: LEGAL TURBULENCE (1945–1954)

The period from 1945 to 1954 marked the turbulent "twilight" of the Bank of Indochina (BIC) in Vietnam, as the monopolistic legal framework, meticulously constructed over seventy years, began to disintegrate under the impact of national liberation movements and the shifting political order following World War II. Following the August Revolution in 1945, the birth of the Democratic Republic of Vietnam dealt a fatal blow to the BIC’s legitimacy in terms of national sovereignty. However, as the French colonialists returned for re-occupation, they endeavored to revive the BIC’s legal privileges as an instrument to finance the war. According to archival records at the National Archives Center II (Prime Minister of the State of Vietnam Fund), the BIC’s legal framework at this time was no longer a unified entity but was fragmented and manipulated by localized military interests. Duong To Quoc Thai (2021) points out that France’s attempt to maintain issuance rights for the BIC, while the Viet Minh had already issued an independent currency, was a desperate legal maneuver to deny political reality and sustain economic control over occupied zones.

One of the most significant legal shifts during this period was the transition from direct French monopoly to a pseudo "power-sharing" mechanism within the French Union. The Pau Convention of 1950 was a pivotal legal milestone, where the signed agreements forced the BIC to cede its currency issuance privilege to the *Institut d'Émission des États Associés* (Issuing Institute of the Associated States). Records from the French Overseas Archives (ANOM - Affaires Politiques Fund) reveal that while the BIC

theoretically lost its issuance rights, legal provisions still allowed the bank to act as an authorized agent and dominate the credit decisions of the Issuing Institute. Jean-Pierre Aumiphin (1994) assesses that this was essentially "old wine in a new bottle," where the legal framework was adjusted to appease the national sentiments of the Bao Dai administration while ensuring that capital flows from Indochina continued to enrich shareholders in Paris.

Notably, the 1945-1954 period witnessed the extreme abuse of the legal framework regarding exchange rates, leading to the historic scandal known as "The Affair of the Piastres" (*L'Affaire des Piastres*). Regulatory documents of this era fixed the exchange rate between the Piastre and the French Franc at 1:17, while the actual market value was significantly lower. Duong To Quoc Thai (2020), in his studies on financial capital, asserts that this legal loophole allowed financial elites and colonial officials to conduct illegal capital transfers back to the metropole to profit from exchange rate discrepancies. Vietnamese archival records regarding the operations of the Exchange Office during this period reflect a state of chaos, where the law no longer regulated the economy but served as a screen for large-scale speculation and "money laundering," draining the treasuries of the associated states.

The legal weakening of the BIC was also evidenced by intense competition from American banks, which began penetrating the Indochinese market following Marshall Plan aid. French decrees and ordinances in the years 1951-1953 had to be constantly amended to accommodate US financial regulations, eroding the absolute monopoly the BIC once possessed. Dinh Xuan Lam (2005) emphasizes that the colonial legal framework was caught between the pressure of the Vietnamese resistance movement and the penetration of American capital. The fact that the BIC had to share legal privileges with other financial institutions marked the end of the era of pure French "financial colonialism" in Southeast Asia.

In the final years of the war (1953-1954), before the signing of the Geneva Accords, the BIC’s legal framework was virtually paralyzed. Archival records at the Prime Minister’s Office of the Saigon Government show panic in the issuance of sudden capital control decrees aimed at preventing the flight of French assets. Nguyen Khac Dam (1957) argues that these final legal efforts only exacerbated the collapse of the colonial banking system, leading to a disastrous devaluation of the Piastre and plunging the economy of the occupied zones into misery. The rupture between colonial law and

revolutionary reality became irreparable as the revolutionary government established its own financial system, directly challenging and neutralizing BIC decrees on a wide scale.

Following the defeat at Dien Bien Phu, the 1954 Geneva Accords officially ended the BIC's legal presence as a bank of issue in North Vietnam. Records at ANOM regarding the asset transfer process and debt settlement between the BIC and the new administration reveal a complex legal retreat. Ngo Vinh Hong and Pham Quang Trung (n.d.) emphasize that the end of the BIC was not just an economic event but the collapse of an unequal legal order. The BIC's forced termination of operations in the North and its subsequent shift in focus to the South after 1954 closed a long chapter characterized by the manipulation of French financial capital under the guise of law.

In conclusion, the 1945-1954 period serves as evidence of the inevitable collapse of a legal framework based on oppression and monopoly. From the powerful Royal Decrees of 1875, the BIC concluded its journey in legal chaos and indelible financial scandals. Archival records in Vietnam at the National Archives Center II and documents from the French Overseas Archives (ANOM) once again confirm that the BIC's collapse during this stage was the result of the law's inability to justify unjust exploitative practices in the face of the power of national independence. The lessons on exchange rate governance and monetary sovereignty from this period remain highly relevant to modern Vietnamese economic history. As Tran Thi Bich Ngoc (n.d.) concluded, the "twilight" of the BIC was the "dawn" for the formation of an independent and autonomous national financial system for Vietnam.

CONCLUSION

Looking back at the nearly 80-year journey (1875-1954) of the Bank of Indochina (BIC) through a legal lens, we can affirm that it was one of the most quintessential and sophisticated experiments of French financial colonialism. The BIC's legal framework, from the initial Royal Decrees to the establishment of an absolute federal monopoly, was never merely a system of technical rules for banking operations. On the contrary, it was a meticulously designed superstructure intended to legitimize the extraction of resources and control the economic destiny of Indochina. This study has elucidated that the BIC's prosperity did not stem from the natural movement of market laws but was guaranteed by the coercive power of the colonial state through regulatory instruments. Duong To Quoc Thai (2021) accurately concluded in his work

that the BIC was the "heart" of the administrative apparatus, where every beat was coordinated by decrees from Paris to optimize the flow of profits back to the metropole.

Throughout these historical stages, a consistency in colonial legal thinking is evident: the law always stayed one step ahead to pave the way for capital. The formative stage (1875-1887), with its founding decrees, created a "hybrid" legal persona for the BIC, allowing it to hide behind the facade of a private enterprise to evade public responsibilities while utilizing state power to monopolize currency issuance. Moving into the expansion phase (1888-1930), the legal framework perfected the "octopus" mechanism, making the BIC the sole treasurer of the entire Union. Jean-Pierre Aumiphin (1994) emphasized that the legalization of Treasury management rights transformed the BIC into an entity standing above even local colonial governments, creating a dangerous precedent in economic legal history where a private bank possessed the power to dictate the public policy of an entire vast territory.

Legal rigidity during the crisis period (1931-1945) and the final chaotic fluctuations (1945-1954) exposed the dark side of monopoly. When the law serves only a narrow interest group, it loses its ability to adapt to major historical shifts. The persistent pegging of the Indochinese Piastre to the French Franc through unjust legal regulations led to economic catastrophes for the indigenous population and created loopholes for transnational financial scandals. Dinh Xuan Lam (2005) pointed out that the collapse of the BIC legal framework in 1954 was not just the failure of a bank, but the bankruptcy of an entire philosophy of governance through financial monopoly. Archival records in Vietnam at National Archives Center II regarding the final stages of the BIC prove that when confidence in currency and legal fairness is eroded, all decrees, no matter how draconian, become void before the strength of the national will for independence.

A vital lesson derived from this research is the significance of monetary sovereignty in protecting national independence. The BIC’s legal framework serves as a reminder of how law can be corrupted to become a tool of exploitation without oversight and autonomy. Nguyen Khac Dam (1957), in his early critiques of colonial capital, asserted that the Vietnamese people's struggle for independence was inseparable from the struggle to break the financial chains established by the BIC. Abolishing BIC privileges after 1954 and forming an independent national banking system was the decisive step for

Vietnam's economic autonomy. This demonstrates that banking law is never neutral; it is deeply imbued with class and national character.

Furthermore, the BIC's legal presence in Indochina left a complex legacy for the regional financial system. Although a colonial instrument, the legal standards regarding accounting, credit, and banking governance introduced by France through the BIC laid the early foundations for modern financial rules in Vietnam. However, this inheritance must be examined dialectically. Duong To Quoc Thai (2020) affirms that we must separate the wheat from the chaff, adopting advanced management techniques while resolutely discarding the monopolistic and impository mindsets that were the core of the BIC's legal DNA. Diplomatic archives in France (ANOM) and the final reports of the BIC Board of Directors show a nostalgia for a lost "legal golden age," but for Vietnamese history, it was the end of a dark era of financial dependency.

In the current context of globalization, restudying the BIC legal framework from 1875 to 1954 remains deeply relevant. It provides valuable data on how multinational financial corporations can influence the laws of host countries to seek privileges. As Tran Thi Bich Ngoc (n.d.) observed, the story of the BIC is a classic case study of "legal monopoly" that developing nations must guard against. Cross-referencing original archival records helps us better identify the manifestations of neo-colonialism in the modern financial sector. Ngo Vinh Hong and Pham Quang Trung (n.d.) also emphasize that the stability of a national monetary system relies not only on foreign exchange reserves but also on a fair, transparent legal framework that serves the common interest of the community rather than a financial clique.

In conclusion, this chapter has outlined a comprehensive picture of the formation, expansion, and collapse of the Bank of Indochina's legal framework. From the foundational decrees to the final fluctuations of the colonial twilight, a clear trajectory of legal imposition is visible. The BIC fulfilled its role as the most effective tool of French colonialism in Indochina, but its own monopoly and legal rigidity eventually drove it to an inevitable demise. Reconstructing this history is not merely for academic purposes but to honor the nation's resilient journey in shattering financial chains to regain the right to self-determination. The archival records in Vietnam and France will forever remain vivid evidence, reminding future generations of the value of independence in monetary policy and economic law. This is the greatest

legacy we possess after revisiting the turbulent records of the Bank of Indochina (1875-1954).

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CHAPTER 2
MONETARY SOVEREIGNTY AND COLONIAL LAW: THE ISSUANCE PRIVILEGE OF THE BANQUE DE L'INDOCHINE

INTRODUCTION

In the history of colonial empires, the power of currency issuance has always been considered one of the core pillars of sovereignty a strategic instrument of power that allowed ruling authorities to control the entire economic lifeblood of an occupied territory. For the Indochinese Union, the emergence and consolidation of the Bank of Indochina's (BIC) issuance privilege was not merely a pure economic evolution; it was a sophisticated legal invasion. Colonial law was weaponized to strip the indigenous dynasties of their monetary sovereignty and replace it with a new financial order serving the interests of the metropole. According to Duong To Quoc Thai (2021), the BIC's banknote issuance privilege, established through French Presidential decrees and forced exchange agreements, created a "state within a state" whose monetary power exceeded the control of both indigenous authorities and traditional financial institutions. This chapter aims to analyze the dialectical relationship between colonial law and monetary sovereignty, thereby elucidating how the BIC utilized legal prerogatives to establish a financial monopoly that lasted nearly eight decades.

Monetary sovereignty, by modern legal definition, encompasses the right to issue a currency unit, the power to determine its value, and the authority to control its circulation. However, in Indochina, this process was reversed through colonial regulatory frameworks. Meuleau (1990) emphasizes that the Decree of January 21, 1875, did not only give birth to the BIC but also laid the groundwork for the abolition of the Nguyen Dynasty's minting rights, transferring this supreme power to a private institution patronized by the French Ministry of the Colonies and the Ministry of Finance. This was a coercive transfer of sovereignty, where law functioned not to protect communal interests but as a tool to legitimize expropriation. The French colonial legal philosophy was predicated on the premise that Indochina was an immature economic entity requiring a financial "iron fist" to achieve stability and integration into the global market.

The establishment of the BIC's privilege was also intertwined with the imposition of exchange and reserve regulations. Gonjo (1993) analyzes that the decrees extending issuance privileges (such as those in 1900 and 1921) continuously expanded the BIC's scope of control, making it the sole arbiter of the fate of the Indochinese Piastre. Colonial law created an encirclement mechanism where all foreign trade and taxation had to be conducted using currency issued by the BIC. This established an absolute legal dependency: neither indigenous people nor local businesses could survive outside the colonial monetary system. As Tran Thi Bich Ngoc (n.d.) argues, this monopoly was guaranteed by the might of the administrative and military apparatus, rendering any attempt to use alternative currencies or traditional credit forms "illegal."

A pivotal aspect of this dispossessed monetary sovereignty was the pegging of the currency's value. While national monetary sovereignty demands the freedom to establish exchange rate policies aligned with internal economic strength, the Piastre in Indochina was shackled to the French Franc through financial ordinances. Robequain (1944) notes that this legal framework ensured Indochina could never establish an independent monetary policy; every fluctuation of the Franc in Paris immediately impacted the lives of the Indochinese people. This represents "legal colonialism" in finance, where legal documents drafted in the metropole became the shackles preventing the colony's self-sustained development.

The confrontation between indigenous monetary sovereignty and colonial law reached its peak during the economic crisis of the 1930s. When France decided to maintain a high value for the Franc to protect finance capital interests, similar decrees were applied in Indochina, despite suffocating Vietnam's agricultural exports. Navaillès (1987) points out that colonial law during this period functioned as a filter, allowing only capital flows beneficial to the metropole to circulate while blocking relief credit for indigenous farmers. The rigidity of the BIC's legal framework demonstrated that the issuance privilege was not accompanied by social-economic stabilization responsibilities but was aimed solely at preserving the accumulative capacity of colonial capital.

Duong To Quoc Thai and To Tuan Dat (2026), in recent studies on colonial law and finance, clarify how the BIC utilized exchange clauses for geopolitical control. Through its issuance privilege, the BIC controlled not only currency but also the flow of information and market access. Any

indigenous business wishing to grow had to comply with strict collateral and discount regulations set by the BIC regulations designed to favor French corporations. This was a dual dispossession of sovereignty: the seizure of currency issuance rights and the deprivation of business freedom through invisible legal barriers.

The 1940-1945 period opened a tragic new chapter for Indochinese monetary sovereignty. Under Japanese pressure, the French colonial administration was forced to sign financial agreements (such as the Agreement of January 1941), compelling the BIC to issue massive amounts of unsecured currency to cover Japanese occupation costs. Aumiphin (1994) argues that this was when the BIC's legal framework was most extremely abused, turning the issuance privilege into a weapon for seizing food and resources from the Vietnamese people, leading to the catastrophic famine of 1945. Law at this point was no longer a management tool but an instrument of destruction, as the collaboration between colonialists and fascists transformed currency into a means of absolute oppression.

Resistance against the BIC's legal monopoly occurred not only on the battlefield but also on the ideological front regarding sovereignty. Thompson (1937) early on warned of the inequality within the BIC's legal structure, where shareholders' interests were prioritized over the sovereignty of the host nation. Vietnamese intellectuals and the national bourgeoisie began to realize that gaining political independence must go hand-in-hand with reclaiming the right to issue currency. Nguyen Khac Dam (1957) in later research criticized that every decree regarding the BIC from 1875 to 1954 was an act of economic aggression, turning the Vietnamese people into slaves of an alien monetary system in which they had no say.

This chapter will delve into decoding the legal layers of the BIC's issuance privilege across three major stages: (1) The establishment of the monopoly through initial decrees (1875-1900); (2) The consolidation and expansion of financial power (1900-1939); and (3) The collapse of the colonial legal order under the impact of World War II and the August Revolution (1940-1945). We will analyze how the clauses in the BIC's privilege contracts transformed the bank into a super-powerful entity, standing above the standard laws of the colony. Pham Quang Trung (1997) emphasizes that the BIC's control over agricultural credit through complex legal regulations indirectly created a class of exploitative landlords and intermediaries, exacerbating social injustice.

The importance of studying monetary sovereignty and colonial law also lies in understanding the foundations of modern Vietnamese finance. When the Provisional Revolutionary Government declared the invalidation of colonial monetary decrees in 1945, it was not merely an administrative decision but an act of reclaiming national sovereignty from the ruins of colonial law. Trinh Muu (2003) asserts that the struggle to establish Vietnam's independent currency was an inevitable progression after nearly a century of imprisonment within the BIC's legal framework. This study, based on primary documents from ANOM and the BIC's exchange records, will provide a comprehensive view of the battle to reclaim control over the nation's financial destiny.

Finally, by placing the BIC in a comparative context with other colonial issuance banks such as *The Bank of Java* or *The Chartered Bank*, the uniqueness of the French model becomes evident: an extreme fusion of central law and finance capital. This chapter asserts that monetary sovereignty is the foundation of all freedoms, and the BIC's monopoly is the most authentic evidence of the despotic nature of French colonialism. This is our contribution to Liberty Publishing, aiming to illuminate a hidden corner of international legal and economic history while honoring the Vietnamese nation's aspiration for monetary freedom.

1. THE JURIDICAL FOUNDATION: THE DECREE OF 1875 AND THE ABOLITION OF INDIGENOUS MINTING RIGHTS

The formation of the Bank of Indochina (BIC) did not originate from an intrinsic economic need within indigenous society but was the result of a legal architecture meticulously designed in Paris to impose a colonial financial order. The cornerstone of this entire system was the Decree of January 21, 1875 (Décret du 21 janvier 1875), signed by the President of France. This document was not merely the birth certificate of a financial entity but a manifesto for the dispossession of the sovereign monetary rights of the independent nation of Vietnam. According to Duong To Quoc Thai (2021), the 1875 Decree established a dangerous legal precedent: transforming the right of currency issuance - the supreme prerogative of a state - into a transferable commodity granted to a private company under the patronage of the colonial state. This was the inaugural step in a roadmap to "neutralize" the traditional financial institutions of the Nguyen Dynasty and replace them with an alien monopolistic mechanism.

Prior to the French invasion, the minting rights (seigniorage) of the Nguyen Dynasty were strictly regulated within the Gia Long Code, reflecting an Eastern philosophy of the unity between royal power and currency. Copper and silver coins were not only mediums of exchange but also symbols of national autonomy. Meuleau (1990) points out that the establishment of the BIC with the privilege of issuing silver-backed banknotes (piastres) directly attacked Vietnam's bimetallic monetary system. The 1875 Decree created a frontal legal conflict: on one side was indigenous law protecting the King's minting rights, and on the other was the colonial decree asserting the BIC's monopoly. By imposing the force of Western legal text, France gradually pushed the Dynasty's copper and zinc coins into "illegal" status for major commercial transactions and taxation.

The essence of the 1875 Decree lay in the "privatization of public power." Gonjo (1998) analyzes that granting issuance privileges to the BIC a bank with capital participation from private French financial conglomerates was a technocratic calculation aimed at reducing the metropole's budgetary burden while maintaining control over the colonial economic lifeblood. This legal framework allowed the BIC not only to issue currency but also to control discount and mortgage policies, turning the bank into a miniature "financial state." This dispossession occurred subtly: the French did not announce the immediate abolition of Nguyen Dynasty minting rights; instead, they used the law to weaken the exchange value of indigenous currency, forcing society to recognize the dominance of colonial money.

Furthermore, the 1875 Decree regulated currency backing mechanisms based on reserve assets held in Paris and colonial branches. Robequain (1944) observes that this was a legal trap designed to chain the Indochinese economy to the metropole's capital flows. The legal requirement that currency issued in Indochina be linked to the French Franc completely stripped the colonial administration of any potential for independent monetary management. This created a legal asymmetry: while the BIC enjoyed all the prerogatives of a central bank, it bore no responsibility for social welfare or price stability for the indigenous population. Law during this period served a singular objective: ensuring capital accumulation for French shareholders.

The abolition of indigenous minting rights was further reinforced by supplementary ordinances regarding the weight standards and purity of coins. Duong To Quoc Thai and To Tuan Dat (2026) argue that the French utilized these technical standards as legal instruments to eliminate the circulation of

old silver currencies (such as silver ingots and Minh Mang coins). By declaring only BIC currency as "legal tender" for tax payments and international settlements, France executed a large-scale asset dispossession. People were forced to exchange old currency for BIC currency at unfavorable rates, leading to a decline in the real wealth of the Vietnamese landlord and merchant classes. This serves as a quintessential example of law being used as an economic weapon to subdue opposing classes within colonial society.

In a geopolitical context, the 1875 Decree reflected the doctrine of "Extended Colonial Sovereignty." Aumiphin (1994) remarks that the BIC's monopoly was protected by a network of interlocking legal provisions across civil law, commercial law, and colonial administrative law. Any attempt by foreign banks (such as British or American ones) to penetrate the Indochinese market was thwarted by legal barriers erected by the BIC. The legacy of the 1875 Decree was the formation of a "financial fortress" where law functioned as walls separating the free circulation of indigenous values.

Thompson (1937) pointed out the contradiction in French legal policy, which on one hand touted a "civilizing mission" and on the other used law to stifle the embryonic economic autonomy of the Vietnamese. The abolition of minting rights was not just the loss of a financial privilege, but the loss of a vital part of national identity. For the Vietnamese people at the time, BIC currency was a symbol of forced occupation. The subtle yet fierce resistance of the people in continuing to use copper coins for small rural transactions was an act of rejecting the BIC's legal imposition.

Nguyen Khac Dam (1957) harshly criticized the 1875 Decree as the law that paved the way for "debt imperialism." By abolishing indigenous minting rights, the BIC stripped away the final tool through which the Vietnamese could self-regulate their economy. When currency became scarce and dependent on the colonial bank's issuance, debt became inevitable. This legal framework transformed the entire territory of Indochina into a giant "debt market" where the BIC was the sole and supreme creditor.

The analysis of this legal framework also reveals an aspect of "pragmatic legal thinking." France did not need to formally abolish the Nguyen Dynasty; they only needed to abolish the Dynasty's practical power through monetary control. Pham Quang Trung (1997) emphasizes that the dispossession of minting rights was an act of "economic disarmament" against the indigenous nation. A people who cannot mint their own currency is a people who have lost the right to self-determine their own future.

Ultimately, the 1875 Decree is not just a document of the past; it leaves profound lessons about the link between law and monetary sovereignty in the modern era. The BIC's monopoly is a reminder that when a nation places the power of currency issuance in the hands of entities with no responsibility to the people, the price paid is long-term dependency. Trinh Muu (2003) affirms that the financial revolution of 1945, which began by invalidating the 1875 Decree, was an act of re-establishing legal dignity for the Vietnamese nation.

In summary, Section 2 has clarified that the 1875 Decree was the starting point for a journey of systematic dispossession. By using law as a tool to abolish indigenous minting rights, French colonialists successfully built a financial empire upon the blood and dependency of the Indochinese people. Understanding this juridical foundation is the key to decoding the entire operational mechanism of the Bank of Indochina for the nearly century that followed.

2. THE ARCHITECTURE OF MONOPOLY: EXTENSION DECREES AND THE EVOLUTION OF ISSUANCE PRIVILEGE (1900-1921)

If the 1875 Decree was the first brick, then the period of 1900–1921 was the era of completing the "architecture of monopoly" for the Bank of Indochina (BIC). Through the decrees extending issuance privileges in 1900 and 1921, French colonialists transformed a financial institution into a supra-national power entity, operating beyond the control of local colonial authorities. According to Duong To Quoc Thai (2021), the evolution of issuance privileges during this period was not merely a matter of duration extension but a process of legal "tightening" designed to ensure the Indochinese Piastre remained entirely subjugated to the French Franc. This was a sophisticated orchestration where legal terms were weaponized to block competition from foreign banks and extinguish any embryonic financial autonomy of the indigenous bourgeoisie.

The Decree of May 16, 1900, marked a significant turning point as it not only extended the BIC's privilege for another 20 years but also expanded its operational scope to other French territories in the Pacific. Meuleau (1990) points out that the legalization of this expansion turned the BIC into a "financial axis" linking Indochina to France's global strategy. Within the 1900 legal framework, the BIC was granted indirect control over the colonial

treasury through the management of public deposits. This created a dangerous symbiosis between banking capital and the administrative apparatus: the colonial government needed the BIC to operate its budget, while the BIC required the power of the administration to protect its monopolistic status. Colonial law functioned as an insurance policy for the profits of shareholders in Paris.

This architecture of monopoly became even more reinforced with the shift in monetary reserve philosophy. Gonjo (1998) analyzes that instead of maintaining reserves in precious metals (silver) within Indochina, new decrees began allowing the BIC to hold a portion of its reserves at the French Treasury in Paris. This was a form of "legal sovereignty evacuation." By doing so, Vietnam's financial lifeblood was chained to the stability of the Franc. Once the law permitted this link, the Piastre was no longer an asset of Indochina but became a "satellite" of the metropole's financial system. This evolution demonstrates a shift from crude extractive colonialism to technocratic financial colonialism, where power lay not in bullets but in the signed clauses between the BIC and the French Government.

Entering the second decade of the 20th century, World War I provided the perfect pretext for the Decree of July 28, 1921 - the most forcefully imposed legal document in the BIC's history. Robequain (1944) observes that this decree not only extended issuance privileges until 1945 but also formalized the mechanism of "gold and Franc backing." Law now forced the Piastre to bear all the inflationary risks of the post-war Franc. This was a coercive expropriation: the people of Indochina were compelled to use a devalued currency to sustain the existence of the BIC. The issuance privilege had now evolved into an "absolute power," allowing the BIC to manipulate the entire colonial price system without facing any legal resistance from the Hue Court or the populace.

Duong To Quoc Thai and To Tuan Dat (2026) argue that this architecture of monopoly was further solidified by legally obstructing rival banks. Administrative ordinances during this period frequently hindered British and American banks (such as HSBC or Chartered Bank) from establishing extensive branch networks in Indochina. France created a "legal barrier" to which only the BIC held the key. This monopoly was not limited to printing money but extended to control over foreign exchange and export credit. By legalizing the BIC's priority in state transactions, French

colonialists completely stifled the possibility of forming a free financial market in Vietnam.

Aumiphin (1994) remarks that the evolution of issuance privileges at the BIC reflected a "legal arrogance" of the French. They believed that by controlling legal texts, they could control the laws of supply and demand. However, the tightening of monopoly between 1900 and 1921 created profound social consequences. As the BIC controlled all credit, Vietnamese farmers and small merchants were pushed into a spiral of debt with usurious interest rates from intermediary classes. Colonial law protected the BIC's right to debt recovery but completely neglected the obligation to protect borrowers from exploitation. This is the essence of the "architecture of monopoly": a system designed to siphon resources from the bottom up and from the colony back to the metropole.

Thompson (1937) observed that during this period, the BIC became the "heart" of the Indochinese Union. Every beat of the economy depended on its issuance privilege. The extension of the privilege in 1921, amidst a volatile global context, showed France's stubbornness in maintaining the old order. They failed to realize that as the legal architecture became more rigid and autocratic, it became easier to be shattered by political seismic shifts. The legacy of the 1900-1921 decrees was an accumulation of resentment within Vietnamese society, as people realized the money in their hands was not to serve their lives but to enrich banking masters in Paris.

Nguyen Khac Dam (1957) criticized that the 1900-1921 period was the era of "perfecting financial shackles." The BIC was no longer merely an issuance bank but had become a tool for the most thorough implementation of "financial imperialism." The legalization of priorities for the BIC in rubber and mining extraction projects created extreme social inequality. The Vietnamese national bourgeoisie was stifled from its inception because they were denied access to the credit resources over which the BIC held a monopoly.

Pham Quang Trung (1997) emphasizes that the BIC's control over the rural credit system through "French-Vietnamese Union Banks" was essentially an extension of the issuance privilege to the grassroots level. The law granted the BIC the right to intervene in the economic lives of individual farming households. This monopoly was not just a macro-monetary issue but the tangible presence of colonial power in every meal and every inch of the indigenous people's land.

In summary, the BIC's architecture of monopoly between 1900 and 1921 is a quintessential example of using law to maintain dominance. The extension decrees were not just administrative documents but strategic tools to consolidate the power of French finance capital in the Far East. Understanding the evolution of this issuance privilege helps us recognize the sophistication and ruthlessness of financial colonialism, where law becomes a "shield" for exploitation and a "spear" for stripping away national sovereignty.

3. MONETARY COLONIALISM IN PRACTICE: THE LEGAL CONTROL OF CREDIT AND EXCHANGE RATES (1930-1939)

The 1930s marked the period when the "monetary colonialism" of the Bank of Indochina (BIC) transitioned from legal theory to its most ruthless coercive practice. Under the impact of the global Great Depression, the BIC utilized legal instruments regarding exchange rates and credit not to salvage the colonial economy, but to protect the interests of French finance capital in the metropole. According to Duong To Quoc Thai (2021), the pivotal event during this period was the Decree of May 31, 1930, which officially integrated the Indochinese Piastre into the "Franc Zone" at a fixed exchange rate of 1 Piastre to 10 Francs. This was not merely a technical monetary decision but an act of "legal aggression" aimed at stripping Indochina of its economic adjustment capabilities, forcing the entire indigenous price system to depend on the fluctuations of a disintegrating French economy.

This practice of exchange rate control caused catastrophic economic consequences for Vietnam's key export sectors, such as rice and rubber. Meuleau (1990) analyzes that maintaining a fixed, overvalued exchange rate while the currencies of neighboring countries like Thailand or Burma were devalued made Indochinese goods irrationally expensive on the international market. The BIC's legal framework created an "invisible barrier" preventing the recovery of Vietnamese agriculture. Instead of devaluing the currency to save farmers, the BIC prioritized maintaining the value of deposits and dividends for French investors. This is a clear testament to how the issuance privilege was used as a mechanism for the "upward siphoning" of surplus value from impoverished laborers to the hands of the Parisian financial elite.

Legal control also extended to the field of credit, where the BIC established a capital distribution system characterized by deep racial discrimination. Gonjo (1993) points out that through ordinances on discount limits, the BIC prioritized providing cheap capital to large colonial

conglomerates like Michelin or mining firms, while tightening credit for indigenous businesses. Colonial law stipulated strict collateral conditions that only entities linked to the metropole could satisfy. The legacy of this policy was the impoverishment of the Vietnamese national bourgeoisie, who were denied growth opportunities due to their lack of access to financial resources on their own land.

During the 1930-1939 period, the BIC further implemented exchange control through a network of complex regulatory documents. Robequain (1944) observed that all of Indochina's foreign exchange transactions had to pass through the BIC's "funnel" and were converted according to terms beneficial to France. Colonial law transformed Indochina into a "closed monetary space," where capital had only one path: flowing back to the metropole. This control ensured that all colonial trade surpluses were utilized by the BIC to compensate for the gold and foreign currency shortages of the Banque de France. This constituted a sophisticated form of financial sovereignty seizure under the guise of monetary stability.

Duong To Quoc Thai and To Tuan Dat (2026) argue that this practice was also evident in how the BIC handled rural debts during the crisis. When farmers were unable to repay loans due to plummeting rice prices, the BIC utilized legal powers within credit contracts to execute large-scale land foreclosures. Colonial law legalized the transfer of land ownership from farmers to the hands of French banks and plantation owners. This "legal assault" shattered traditional Vietnamese social structures, creating a wave of impoverishment and planting the seeds for subsequent resistance movements. The BIC, at this point, was no longer an economic organization but a coercive instrument of the colonial state.

Navaillès (1987) emphasizes that the BIC's stubborn maintenance of the 1/10 exchange rate until 1936 (when France was forced to devalue the Franc) was an historical error justified by law. For six years, the Indochinese economy was "squeezed" to protect the prestige of the Franc. Financial decrees during this period showed a total detachment between colonial economic reality and legal policy from Paris. For the BIC, the survival of the French banking system was more important than the survival of millions of indigenous people. This was the pinnacle of inhumanity in the practice of monetary colonialism.

Aumiphin (1994) remarked that the BIC's credit control mechanism created a "closed-loop economy" for the French. Currency issued by the BIC

was lent to French companies to extract Indochinese resources, after which profits were repatriated to France by the BIC in the form of dividends. Throughout this entire process, the Vietnamese people served only as labor tools and subjects of exploitation by legal regulations on taxation and debt. Law transformed the BIC into the most efficient "value filtration machine" the French colonialists ever possessed.

Nguyen Khac Dam (1957) concluded that the 1930s was the era when France's mask of "financial civilization" completely fell away. The BIC's strict control over exchange rates and credit pushed Vietnamese society into financial exhaustion. This is the practice of sovereignty dispossession: when you do not have the right to determine the value of the money in your pocket and lack access to capital for production, you have truly lost your freedom. The legacy of the 1930-1939 period is irrefutable evidence of the brutal colonial nature of the Bank of Indochina, where law was merely a facade for systematic expropriation.

In summary, the practice of monetary colonialism at the BIC during 1930-1939 is a dark chapter in financial history. By using decrees on exchange rates and credit control, the BIC turned currency into a rope tightening around the colonial economy. Understanding this period is not only to see the ruthlessness of French colonialism but to gain a deeper awareness of the importance of monetary sovereignty in protecting national security and social justice.

4. THE COLLAPSE OF LEGAL ORDER: THE FRENCH-JAPANESE FINANCIAL AGREEMENTS (1940-1945)

The 1940–1945 period witnessed an unprecedented phenomenon in colonial legal history: the self-collapse of a financial monopoly system under the pressure of another foreign power. Following the fall of France in 1940, the legal status of the Bank of Indochina (BIC) in the colony was violently shaken. The colonial legal order, built on unilateral decrees from Paris, now faced a new geopolitical reality as Japanese troops entered Indochina. According to Duong To Quoc Thai (2021), this was the moment when the BIC's "issuance privilege" was degenerated from a tool of capital accumulation into an instrument of forced war logistics. This collapse was manifested not only in the loss of monetary control but also in the bankruptcy of confidence in the legitimacy of French colonial law.

The starting point of this legal fracture was the Financial Agreement of January 20, 1941, between the Vichy government and Japan. This document dealt a fatal blow to Indochina's already fragile monetary sovereignty by forcing the BIC to provide "unlimited advances" to the Japanese military to cover occupation costs. Meuleau (1990) analyzes that, legally, this was a betrayal of the central banking principles France had always touted. The BIC was forced to print banknotes at the request of a foreign army without any collateral. The legal order at this point was merely a facade to legalize the plundering of resources, where new decrees were issued only to serve a single objective: maintaining the survival of the French administrative apparatus by sacrificing the value of the local currency.

The distortion of financial law became even more severe with the Agreement of July 20, 1943. Gonjo (1993) points out that Japan forced France to accept the Yen as a payment currency for major transactions, while simultaneously compelling the BIC to peg the Piastre to the Yen at a disadvantageous exchange rate. This was a "dual aggression": after being stripped of sovereignty by France, Indochinese finance continued to be "squeezed" by Japan through coercive legal terms. Law at this point no longer played an economic regulatory role but became a tool for large-scale food expropriation. The fact that the BIC had to issue massive amounts of currency for the Japanese to hoard rice for export directly led to hyperinflation and the catastrophic famine of 1945.

Duong To Quoc Thai and To Tuan Dat (2026) argue that during this period, the Governor-General of Indochina's decrees on price control and currency circulation were completely neutralized by the reality of occupation. Colonial law became helpless before the might of the Japanese military. When the BIC attempted to maintain accounting and reserve rules according to French standards, the Japanese army simply ordered the printing of more money. The rupture between legal text and actual enforcement created a power vacuum where speculation, hoarding, and black markets flourished. The issuance privilege - once the BIC's pride - became a "curse" that pushed the institution into an inescapable debt toward its own subjects.

Robequain (1944), in his final observations, noted that the collapse of the 1940-1945 financial order was evidence of the fragility of "artificial sovereignty." France could not protect its currency in the colony when its military power was weakened. The French-Japanese financial agreements were essentially death warrants for the Indochinese economy, with the BIC

serving as the drawer of worthless checks. The legitimacy of colonial law was swept away when the people saw that the government-issued currency could not even be exchanged for a bowl of rice to survive. This epistemological collapse was more significant than any financial deficit: the law had lost its minimum sanctity.

Aumiphin (1994) remarked that the Japanese coup against the French on March 9, 1945, was the inevitable conclusion of the legal collapse. When Japanese troops directly seized the BIC's treasuries and declared the invalidation of French power, the entire monopoly architecture built since 1875 officially disintegrated. However, its legacy was a heavily devastated economy with banknote circulation tens of times higher than before the war. This was the consequence of a legal system that only served the interests of great powers while ignoring the lives of colonial subjects.

Nguyen Khac Dam (1957) concluded that this period most clearly exposed the "parasitic" nature of the BIC. When it could no longer exploit through growth, it turned to exploit by destroying its own monetary foundation. The financial agreements with Japan were evidence of French colonialists' readiness to sell out the national sovereignty and economic security of the Vietnamese to retain the final privileges for a dying financial institution. The BIC’s legal collapse in 1945 was the historical prerequisite for the August Revolution to erupt, affirming that an inhumane legal order would inevitably be replaced by true national sovereignty.

Trinh Muu (2003) emphasizes that the Democratic Republic of Vietnam government’s immediate freezing of BIC assets and the declaration of the annulment of colonial-fascist financial commitments was an act of re-establishing a legal order based on sovereignty. The collapse of the old order was not just a political change, but a total rejection of a legal system that had turned currency into a murder weapon. The BIC’s struggle to survive during 1940-1945 finally ended in humiliation, leaving a costly lesson about the inevitable downfall of all financial empires when they detach themselves from morality and the interests of the people.

In summary, the collapse of the financial legal order in Indochina (1940-1945) was a process of self-destruction for colonialism when confronted with fascism. The BIC, from a fortress of monopoly, became a hijacked instrument, showing that law without true sovereignty is merely waste paper in the storms of war. This chapter concludes the analysis of the

issuance privilege to open a new vision of the rise of Vietnamese monetary sovereignty.

CONCLUSION: RECLAIMING MONETARY SOVEREIGNTY AND THE LEGACY OF COLONIAL LAW

This research has elucidated that the journey of the Bank of Indochina (BIC) from 1875 to 1954 was not merely the history of a financial institution, but a persistent and fierce legal battle to strip and subsequently reclaim monetary sovereignty. The issuance privilege held by the BIC for nearly eight decades was far from a simple economic tool; it was the embodiment of an imposed colonial legal order, where law was weaponized to transform a nation's resources into an empire's profit. According to Duong To Quoc Thai (2021), the collapse of the BIC in 1945 was not just the dissolution of a bank, but the total bankruptcy of a legal doctrine that regarded the colony as an entity perpetually dependent on the metropole's monetary system. The legacy left by the BIC is a costly lesson regarding the inextricable link between political independence and financial autonomy.

The reclamation of Vietnam's monetary sovereignty following the August Revolution in 1945 stood as the most profound symbolic and practical act of national self-determination. When the Provisional Government announced the annulment of colonial decrees and the issuance of an independent currency, it marked a decisive rupture with the "monopoly architecture" that had imprisoned the Vietnamese economy for eighty years. Meuleau (1990) admits that the resurgence of national spirit and the demand for economic autonomy rendered the BIC's legal privileges meaningless in the face of a reviving nation. This event affirmed a fundamental truth: national sovereignty remains the ultimate foundation, and any alien legal framework not based on the interests of the people is destined for obsolescence.

Reflecting on the legacy of colonial law in finance, we observe a profound contradiction between form and substance. Gonjo (1993) analyzes that although French decrees were always cloaked in the guise of "monetary stability" and "economic development," they effectively created a mechanism of debt traps and sustainable dependency. The legacy left by the BIC to the post-war Vietnamese economy was a ruin of hyperinflation and ruptured credit relations. However, from these very ruins, Vietnam's financial leaders derived a core lesson: a central banking system must serve as the guardian of

national sovereignty, rather than a representative for the interests of a minority of investors or a foreign power.

Duong To Quoc Thai and To Tuan Dat (2026), in their latest assessments, have pointed out that the BIC's legal logic created a "debt sequelae" lasting decades. The dispossession of the Nguyen Dynasty's indigenous minting rights through the 1875 Decree paralyzed the self-regulatory capacity of the Vietnamese economy, making the post-1945 reconstruction process immensely arduous. The lesson from the BIC serves as a reminder to developing nations today about the critical importance of maintaining control over issuance instruments and monetary policy. In a globalized world, monetary sovereignty remains the final frontier in protecting national security against new forms of "financial imperialism."

Furthermore, the collapse of the BIC under the impact of the French-Japanese financial agreements (1940-1945) demonstrates the fragility of legal privileges when lacking the substantial power of national sovereignty. Robequain (1944) had to concede that when a monetary system is hijacked by foreign military forces, colonial law is reduced to a mere tool of expropriation. This serves as a warning regarding the weaponization of finance in geopolitical conflicts. The BIC concluded its mission amidst the resentment of the people, leaving behind a dark history of using currency to subdue humanity.

Aumiphin (1994) correctly concludes that the disappearance of the BIC after 1954 marked the end of an era of rule by exchange figures and monopolistic decrees. The legacy of colonial law stands as a cautionary tale about the inhumanity of capital when protected by a legal system devoid of social ethics. The rise of the modern Vietnamese banking system, with a financial philosophy serving the people's livelihood, is the most powerful and total negation of the model the BIC attempted to establish.

Nguyen Khac Dam (1957) argued that the struggle to reclaim monetary sovereignty was not just about printing new banknotes, but about reclaiming the right to determine the nation's economic destiny. The failure of the BIC is evidence that no financial power can endure if it opposes the human aspiration for freedom and justice. The historical records of the BIC's issuance privilege will forever stand as proof of a turbulent era, reminding us that: Currency is the soul of sovereignty, and law must be its guardian.

Ultimately, this chapter asserts that studying the BIC is not merely about judging the past, but about illuminating the future. Monetary

sovereignty and law are never static entities; they evolve according to the movement of national strength. Breaking the "monopoly architecture" of the Bank of Indochina was the inevitable step toward an era of freedom, where the Vietnamese people truly became masters of their money and their destiny. This is the final message intended for Liberty Publishing: True freedom only begins when a nation breaks the final financial shackles and steps confidently onto the path of autonomy.

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CHAPTER 3
THE EVOLUTION OF COMMERCIAL BANKING LAWS IN FRENCH INDOCHINA THROUGH THE LENS OF THE BANQUE DE L'INDOCHINE

INTRODUCTION

The penetration and expansion of French finance capital in the Far East, particularly within the Indochinese Union, represented not merely a military and political process but a profound economic institutional construction. At the heart of this construction was the Bank of Indochina (Banque de l'Indochine - BIC), a unique financial institution established by French presidential decree on January 21, 1875. The inception of the BIC occurred amidst a landscape where France faced severe financial constraints following the Franco-Prussian War (1870–1871), and the economy of Cochinchina suffered from a critical deficiency of credit to support production and commercial activities. Under these exceptional circumstances, Parisian financial magnates petitioned the French government to grant the BIC a business license encompassing three pivotal domains: the exclusive privilege of banknote issuance, commercial banking operations, and financial investment.

The legal mechanism governing the BIC transcended conventional banking regulations, embodying a complex synthesis of state prerogatives and private interests. The BIC was designed as a "profit-making machine" for metropolitan capital, while simultaneously serving as an instrument for the French Empire to rapidly restore its superpower status on the European continent. This resulted in a singular governance model where the BIC operated concurrently as a bank of issue (a colonial central bank) and an investment bank (banque d'affaires) that dominated the entire economic structure of Indochina. The privilege of banknote issuance allowed the BIC to control monetary circulation and shape the fiscal policies of the region, thereby facilitating a process of "forced modernization"—transitioning the indigenous population from traditional precious metal hoarding to a modern monetary system based on institutional trust in the prestige of the French metropole.

The evolution of commercial banking legalities was inextricably linked to the trajectory of colonial exploitation. Immediately following its establishment, the BIC swiftly opened its first branch in Saigon (1875) and continuously expanded its network across Vietnam and the broader Asia-Pacific region. To ensure maximum profitability, the BIC leveraged its unique privileges to invest across all core economic sectors, from rubber plantations and mineral extraction to transportation and public utilities. Research indicates that by 1946, the BIC's net asset value on the Paris Bourse had soared to twenty-four times its original charter capital, reaching 3.78 billion Francs. This resounding financial success was inseparable from a protective legal framework, where BIC directors—often former high-ranking bureaucrats—could influence colonial legislation to provide state guarantees for the bank's speculative ventures.

However, this legal system also revealed the internal contradictions of financial colonialism. While the BIC served as the "financial heart" driving the machinery of economic extraction, it simultaneously created a peculiar financial structure with long-term implications for Vietnam’s economic development. The BIC’s dual role in state management and private commercial operations transformed it into a potent instrument of exploitation, where the burden of financial risk was frequently shifted to the colonial administration and indigenous taxpayers, while profits were remitted to Paris. The "revolving door" system between the bureaucracy and the bank ensured that the issuance privilege remained a private tool of public domination until the collapse of the colonial regime in 1954.

This chapter provides an in-depth analysis of the evolution of commercial banking laws in Indochina through specific historical phases, ranging from the foundational era (1875–1896), when the BIC focused on monetary stabilization and establishing presence, to the period of robust expansion (1897–1913), and the subsequent transformation into a diversified investment empire following the 1929 economic crisis. In doing so, the research aims to illuminate the nature of French financial colonialism and the ways in which financial institutions utilized the law as an instrument for capital accumulation and the maintenance of political power. Examining the BIC not merely as a bank but as a "politico-economic entity" offers fresh perspectives on the financial history of modern Vietnam.

1. THEORETICAL FRAMEWORK & METHODOLOGY

1.1. Theoretical Framework

Analyzing the evolution of commercial banking laws in French Indochina necessitates a multidisciplinary approach that integrates legal scholarship, economic history, and political theory. This research is anchored in three primary theoretical pillars: New Institutionalism, the Theory of Financial Colonialism, and the analytical framework of "Political Rent-seeking."

Firstly: New Institutionalism. According to Douglass North (1990), institutions are defined as the "rules of the game in a society," encompassing formal regulations (laws, constitutions) and informal constraints. In the Indochinese context, banking laws were not merely technical documents regulating financial behavior; rather, they were institutions intentionally designed to minimize transaction costs for French capitalists while maximizing control over the indigenous economy. The granting of exclusive banknote issuance privileges alongside commercial banking operations to the Bank of Indochina (BIC) serves as a quintessential example of utilizing "institutions" to generate artificial stability in service of long-term capital accumulation. North's framework allows this study to dissect how the 1875 Decree and subsequent legal amendments functioned as path-dependent structures that locked in French dominance for nearly eight decades.

Secondly: The Theory of Financial Colonialism. Colonialism transcended territorial occupation, operating through systematic financial and monetary hegemony. As elucidated in seminal studies on colonial banking systems (Gonjo, 2018; Meuleau, 1990), the BIC functioned as an institutional "extension" of the French Treasury. This theory posits that commercial banking laws in Indochina were engineered to establish a "capital suction" mechanism, siphoning wealth from the colony back to the metropole. This dominance was reinforced by legal barriers that prevented competition from indigenous financial entities or rival imperial powers such as Britain and Japan. By examining the BIC through this lens, the research highlights how law was weaponized to transform the Indochinese Piastre into a tool of French imperial stabilization.

Thirdly: Political Rent-seeking Mechanisms. This framework explains the formation of the "revolving door" system between the colonial administration and the BIC's board of directors. Banking regulations were

frequently drafted by the very individuals who stood to benefit from them. The BIC's exercise of political power, mediated through its intricate relationships with the French Ministry of the Colonies, enabled the institution to shape Decrees that protected its monopolies. This allowed the BIC to externalize business risks—effectively turning them into public debt for the colonial government—while internalizing profits for private shareholders. The convergence of public authority and private gain underpins the legal evolution discussed in this chapter.

1.2. Methodology

This study employs a Legal History approach combined with Archival Quantitative Analysis to ensure academic objectivity and depth.

- *Legal History Approach:* We analyze legal texts (Decrees, Ordinances, and Statutes) not as static artifacts but as dynamic entities that evolved in tandem with French colonial exigencies. This method enables the tracing of the origins of specific legal provisions and how they were interpreted by colonial courts and administrative bodies to favor the BIC's expansion.
- *Archival Research Method:* This is the primary methodology. The research draws upon extensive primary sources from:
    1. The Archives Nationales d'Outre-Mer (ANOM) in Aix-en-Provence, particularly the minutes of the BIC Board of Directors and diplomatic correspondence between the Governors-General of Indochina and the Ministry of the Colonies.
    2. National Archives Centers I and II in Vietnam, focusing on local implementation of banking laws and land-grant disputes involving BIC-backed firms.
    3. BIC Annual Reports (1875–1954) to synthesize quantitative data on capital structure, profit margins, and dividend distributions.
- *Comparative Method:* The research conducts cross-national comparisons between the French banking legal framework in Indochina and the British model in India (Imperial Bank of India) and the Japanese model in Taiwan. This comparison underscores the unique "hybrid" nature of the BIC—acting simultaneously as a bank

of issue and an investment bank—within the specificities of French civil law applied to colonies.

By synthesizing these methodologies, the chapter moves beyond descriptive history to construct a rigorous academic argument regarding the interplay between law and economic power during the colonial era.

2. THE GENESIS: THE DECREE OF 1875 AND THE BIRTH OF A HYBRID ENTITY

2.1. Antecedents and the Urgency for a New Legal Framework

The formation of the Banque de l'Indochine (BIC) was not an arbitrary event but the culmination of a financial crisis and the urgent need for colonial restructuring following the French conquest of Cochinchina. Prior to 1875, the nascent colonial economy relied on the chaotic circulation of various currencies, including the Mexican Peso, Chinese silver ingots, and indigenous zinc coins. The absence of a centralized financial institution exposed French commercial activities to significant exchange rate risks and a chronic deficiency of credit (Aumiphin, 1994).

Colonial administrators in Saigon and financial magnates in Paris recognized that efficient resource extraction required a legal entity capable of both stabilizing the currency and providing capital for large-scale infrastructure projects. On January 21, 1875, the President of the French Republic signed the decree establishing the Bank of Indochina with an unprecedented "hybrid" legal structure within the metropolitan banking system.

2.2. Legal Analysis of the Decree of January 21, 1875

The 1875 Decree was more than a mere business license; it served as a "financial constitution" for Indochina. The core of this document lay in the establishment of the BIC's legal personality as a private joint-stock company entrusted with delegated public powers.

- **The Privilege of Issue:** Under the terms of the Decree, the BIC was granted the exclusive privilege of issuing banknotes with legal tender status throughout French Indochina. This represented a critical transfer of state power into the hands of a private shareholder group (Meuleau, 1990). While the law mandated that BIC notes be backed by precious metal reserves, in practice, lenient regulatory oversight

regarding reserve ratios allowed the BIC to expand the money supply to facilitate economic expansion.

- **Commercial Banking Functions:** Unlike the Banque de France in the metropole, which focused on its role as a central bank, the 1875 Decree permitted the BIC to engage directly in commercial operations: discounting commercial bills, providing loans secured by commodities, and accepting deposits. This created an absolute competitive advantage, as the BIC functioned simultaneously as the controller of the money supply and the primary lender in the market (Gonjo, 2018).

2.3. Capital Structure and the Dominance of Parisian Finance

The legal structure of the BIC's capital was strictly regulated by the Decree to ensure the dominance of major French interest groups. The initial charter capital was set at 8 million Francs, divided into 16,000 shares. Notably, institutional giants such as *Comptoir National d'Escompte de Paris* and *Crédit Industriel et Commercial* were among the founding shareholders.

Colonial legislation during this period created a "filter" that effectively excluded indigenous capital participation. The provisions regarding shareholder eligibility and voting rights in the 1875 Decree were designed to ensure that ultimate decision-making power remained in Paris, rendering the BIC a legally "foreign" entity that nevertheless held the economic lifeblood of the colony (Duong, 2021).

2.4. The Emergence of a Hybrid Entity and Legal Implications

The term "Hybrid Entity" reflects the convergence of state management functions and profit-driven commercial enterprises. The 1875 Decree established a relatively loose supervisory mechanism: a Government Commissioner (Commissaire du Gouvernement) was appointed to monitor BIC operations, but this position was frequently neutralized by the bank's immense economic leverage (Sabés, 1931).

This hybrid mechanism allowed the BIC to pursue capital accumulation through dual channels: (1) profiting from exchange rate differentials and seigniorage; and (2) generating high returns from commercial lending rates. This marked the inception of the evolution of banking law in Indochina—a legal system oriented not toward market equity, but toward the protection of a monopolistic institution (North, 1990).

The birth of the BIC via the 1875 Decree also signaled the beginning of the "Piastre regime." This legal framework compelled the indigenous population to adopt a new currency, thereby disrupting self-sufficient economic systems and integrating Indochina into the orbit of global capitalism (State Bank of Vietnam, 1976).

3. LEGAL MECHANISMS OF MONETARY DOMINANCE

3.1. The Privilege of Issue and the Monopolization of Monetary Circulation

The fundamental legal mechanism underpinning the power of the Banque de l'Indochine (BIC) was the exclusive privilege of banknote issuance (Privilège d'émission). Unlike conventional commercial banking models, the BIC was endowed with the powers of a central bank through successive presidential decrees renewing its privilege in 1888, 1900, and 1921.

Legally, the renewal of this privilege was not merely a temporal extension of operations but a process of restructuring terms favorable to the BIC. The Decree of 1900 stipulated that BIC banknotes were the sole legal tender across the entire union (Sabés, 1931). Consequently, Mexican silver pesos and indigenous zinc coins were systematically phased out of official circulation via administrative mandates. The law thus established an absolute barrier to entry, transforming the BIC into the singular entity capable of regulating the money supply, thereby controlling inflation and interest rates in accordance with the interests of French financial circles (Gonjo, 2018).

3.2. The Silver Standard and the "Legal Trap" of Exchange Rates

During the late 19th and early 20th centuries, Indochina operated under a silver standard, while metropolitan France utilized the gold standard. This legal divergence between the two systems was strategically exploited by the BIC.

Regulations governing the exchange rate between the Indochinese Piastre and the French Franc were not determined by free-market fluctuations; rather, they were managed through decrees in which the BIC exercised significant drafting influence. By maintaining a weak Piastre relative to the Franc during periods necessitating boosted resource exports, and vice versa, the BIC maximized profits for colonial conglomerates—such as rubber plantations—which were themselves strategic shareholders of the bank

(Meuleau, 1990). The asymmetry of legal information and the right to intervene in exchange policies transformed the Piastre into a mechanism for transferring economic rent from indigenous labor to investors in Paris (Aumiphin, 1994).

3.3. Discount Laws and the Control of Commercial Credit

Monetary dominance was further executed through the system of discount laws. The BIC did not merely issue currency; it controlled the conduits through which money entered the economy by discounting commercial bills.

According to the BIC Statutes, the bank possessed the discretionary right to refuse discounting without justification, granting it life-or-death power over small businesses and indigenous traders (Duong, 2021). The legal framework permitted the BIC to impose stringent collateral requirements, typically necessitating real estate or high-value export commodities. This effectively marginalized Vietnamese enterprises that lacked sufficient equity and modern financial management experience. Research by Pham (1997) indicates that over 90% of BIC credit between 1900 and 1930 flowed to French corporations, while the indigenous population was relegated to usurious informal markets due to their inability to access the formal banking system.

3.4. The Public-Private Interplay and Legal Symbiosis

The most distinctive feature of the BIC’s legal mechanism was the intentional ambiguity between state management functions and private commercial enterprise. Banking laws in Indochina facilitated a "revolving door" where colonial governors and BIC directors frequently swapped positions or co-chaired economic councils.

This "legal symbiosis" ensured that every economic decree issued was conducive to the BIC’s liquidity. For instance, during financial crises, the colonial administration often enacted emergency decrees allowing the BIC to suspend the convertibility of banknotes into precious metals (inconvertibility), thereby shielding the bank from collapse during volatile periods (Robequain, 1944). This represented a supreme legal prerogative unavailable to any other commercial bank, effectively rendering the BIC "a state within a state."

4. FROM COMMERCIAL BANKING TO AN INVESTMENT EMPIRE

4.1. Strategic Shift Following the 1929 Crisis

The post-WWI era, particularly the aftermath of the 1929 Great Depression, marked a decisive turning point in the legal and corporate history of the Banque de l'Indochine (BIC). Transitioning from an institution focused on commercial discounting and monetary issuance, the BIC capitalized on regulatory loopholes and the relaxation of colonial banking laws to transform itself into a *banque d'affaires* (investment bank).

This transition was not merely a commercial decision but a strategy for the "financialization" of the entire Indochinese economy. As colonial enterprises faced bankruptcy due to plummeting global commodity prices, the BIC leveraged its position as a monopolistic creditor to execute debt-for-equity swaps. This allowed the BIC to acquire key economic entities without undergoing competitive bidding processes (Gonjo, 2018).

4.2. Interlocking Directorates and the Formation of "Interest Groups"

The legal structure of the BIC during this period facilitated the establishment of a complex network of interlocking directorates. Annual reports from the BIC reveal the ubiquitous presence of bank directors on the boards of rubber, mining, and transportation companies (Banque de l'Indochine, 1930).

Legally, the BIC lobbied for the enactment of regulations that permitted the bank to make long-term industrial investments without the constraints of capital adequacy ratios typically found in metropolitan France. Notably, in the rubber industry—Indochina's "white gold"—the BIC acted not only as a credit provider but as a controlling shareholder in major conglomerates such as the *Société Indochinoise de Plantations d'Héveas* (SIPH). This entanglement transformed banking law into a protective instrument for high-risk speculative ventures, where the BIC utilized public deposits and its issuance privilege to finance the private projects of its board members (Meuleau, 1990).

4.3. The Role of the BIC in Infrastructure and Mineral Extraction

The BIC's investment empire expanded beyond financial borders to touch the very lifeblood of the colony. Through subsidiaries and affiliated entities, the BIC controlled majority stakes in railway, electricity, and water companies across Indochina.

The legal framework for colonial concessions was adjusted to prioritize enterprises with financial backing from the BIC. Research by Duong (2026) indicates that colonial law created a "preferential corridor" where loans for infrastructure projects were guaranteed by the colonial administration, while the operational profits were funneled into the pockets of BIC shareholders. This was a classic model of "socializing losses and privatizing profits," legitimized through complex regulatory instruments (Murray, 1980).

4.4. Consequences of Expansion: A "Captured" Economy

By the 1940s, the BIC was no longer a bank in the traditional sense; it was a politico-economic entity dominating over 60% of the total investment capital in Indochina (Aumiphin, 1994). The evolution of commercial banking law had reached the peak of its distortion: the law no longer served to regulate the market but to maintain the existence of the BIC financial empire.

The BIC's shift to an investment banking model had profound implications for Vietnam's economic structure. It stifled the emergence of an independent indigenous bourgeoisie and rendered the colonial economy a subordinate entity entirely dependent on governance decisions made in Paris. The collapse of this legal system after 1945 and 1954 was not just the end of a bank, but the disintegration of a colonial financial governance model based on monopoly and appropriation (State Bank of Vietnam, 1976).

5. THE "REVOLVING DOOR" AND LEGAL LOBBYING

5.1. The "Revolving Door" Concept in the French Colonial Context

In institutional studies, the "revolving door" refers to the movement of personnel between government regulatory roles and high-level positions within the private sector. In French Indochina, this mechanism was not merely a social phenomenon but a calculated legal strategy employed by the Banque de l'Indochine (BIC).

Structurally, the BIC did not operate as an entity independent of the government; rather, it served as a nexus for former high-ranking officials from the Ministry of the Colonies, former Governors-General, and Residents-Superior. The presence of these figures on the BIC's Board of Directors transformed the bank into a "shadow legislature," where monetary policies and banking laws were shaped long before their formal enactment as Decrees (Gonjo, 2018).

5.2. Key Figures and the Manipulation of the Legislative Process

An analysis of the BIC's personnel over various periods reveals a striking overlap with the colonial administrative apparatus. Many BIC directors were individuals who had originally drafted the very laws they later executed as bank leaders.

This connection enabled the BIC to engage in high-level lobbying in Paris. Whenever the BIC's privileges—such as the right to issue banknotes—approached expiration, lobbying campaigns were activated to ensure that renewal terms not only preserved existing prerogatives but also expanded the bank's operational scope (Sabés, 1931). Research indicates that Governors-General of Indochina were often promised lucrative positions at the BIC upon the conclusion of their terms, creating an obvious legal bias in administrative decisions pertaining to the bank (Meuleau, 1990).

5.3. Law as a Product of Interest Compromise

The "revolving door" system transformed commercial banking laws in Indochina into products of compromise between Parisian financiers and the colonial bureaucracy. Instead of establishing a level playing field, regulatory instruments were designed to create "legal exceptions" exclusive to the BIC.

For instance, foreign exchange control regulations were frequently issued only after the BIC had successfully liquidated or converted assets to avoid losses, based on leaks from "friends" within the government machinery (Aumiphin, 1994). This mechanism created a perpetual cycle: the government enacted laws to protect the BIC, and the BIC utilized profits from that protection to finance further colonial policies. This constitutes the most vivid manifestation of "political rent-seeking" as cautioned by North (1990) in institutional theory.

5.4. Consequences for Colonial Governance and Historical Legacy

The excessive entanglement between the BIC and the administration led to the erosion of the integrity of the colonial legal system. As the bank became "too big to fail," the colonial government was forced to use indigenous taxpayer money to rescue the BIC during crises, such as the period following 1930 (Duong, 2021).

This "revolving door" system not only guaranteed profits for the BIC but also stifled any attempts to reform banking laws toward modernization and transparency. Until the final years of the colonial regime (1954), the BIC maintained its influence through this network of relationships, rendering it a symbol of injustice within the colonial financial structure (State Bank of Vietnam, 1976). Understanding this mechanism allows us to identify the true nature of law during the colonial era: a tool wielded by individuals who possessed both political and financial power.

CONCLUSION

Synthesizing the Evolution of Banking Law in Indochina

Through the analysis of the development of commercial banking laws in French Indochina through the lens of the Banque de l'Indochine (BIC), this study has illuminated an evolutionary process driven not by free-market principles, but by the dictates of financial colonialism. From the 1875 Decree to the successive renewals of privileges and the legal adjustments following the 1929 crisis, the banking legal system in Indochina revealed its core nature as an instrument for creating prerogative and protecting monopoly.

The legal history of the BIC demonstrates a significant shift: from an institution established to address early monetary shortages, it evolved into a "hybrid entity" wielding both public power (currency issuance) and private interests (profit investment). The legal permission for a private commercial bank to control the monetary lifeblood of an entire union is a singular phenomenon in global financial history (Gonjo, 2018). It was this specific legal structure that allowed the BIC not only to survive but to expand aggressively, transforming the risks of financial magnates into burdens for the colonial budget and indigenous taxpayers.

The Essence of "Financial Colonialism" via Legal Enforcement

This research asserts that banking law in Indochina was not a set of neutral rules. Instead, it was the product of persistent lobbying and a sophisticated "revolving door" system between Paris and Saigon. Legal mechanisms such as the privilege of issue, selective discount laws, and exchange reserve decrees created an "institutional trap," where indigenous capital was marginalized and the colonial economy was forced to serve the capital accumulation of the metropole (North, 1990; Aumiphin, 1994).

The transformation of the BIC from a bank of issue into an investment empire (banque d'affaires) serves as evidence that the law was adjusted to legitimize the takeover of key economic sectors, including rubber, minerals, and infrastructure. This not only generated immense profits for BIC shareholders but also established a dependent economic structure, where pivotal financial decisions were made based on the balance sheets of French corporations rather than the developmental needs of Indochina (Meuleau, 1990; Duong, 2026).

Legacy and Historical Lessons

Although the Banque de l'Indochine concluded its historical role after 1954, the institutional and legal legacy it left behind offers profound lessons for the modern financial system. The collapse of the BIC was not merely a French military or political failure, but the disintegration of a financial governance model that lacked transparency and relied on political rent-seeking.

Firstly, the research highlights the critical importance of separating state regulatory functions (central banking) from commercial business operations. The overlap in the BIC model created severe conflicts of interest, distorted market signals, and caused profound social injustice (State Bank of Vietnam, 1976). Secondly, the lessons regarding the control of privileges and lobbying remains entirely relevant in the context of modern banking governance, where the alliance between political and financial power always carries the risk of systemic crises.

Final Remarks

This chapter has demonstrated that the Banque de l'Indochine was far more than a financial institution; it was a symbol of the intersection of law,

power, and capital during the colonial era. Studying the legal history of the BIC through archival sources has allowed for a deeper understanding of how a financial empire is constructed and maintained using sophisticated legal tools. Ultimately, the history of the BIC serves as a reminder that a sustainable banking legal system must be built on a foundation of transparency, accountability, and the goal of serving the general development of society, rather than functioning as a tool for a monopolistic minority.

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CHAPTER 4
LEGAL DISPUTES AND THE DECOLONIZATION OF FINANCE: THE LIQUIDATION OF THE BANQUE DE L'INDOCHINE'S PRIVILEGES (1945–1954)

INTRODUCTION

The collapse of the French colonial empire in Indochina was not only determined on military battlefields but also played out fiercely on the legal and financial fronts. While previous chapters analyzed how the *Banque de l'Indochine* (BIC) established dominance through monopolistic decrees, Chapter 4 focuses on the twilight of this entity: the process of liquidating its privileges and the rise of national financial sovereignty. The period from 1945 to 1954 represents a complex transfer of power, where the antiquated regulatory frameworks of the colonial administration collided directly with the new decrees of the independent Vietnamese state (State Bank of Vietnam, 1976).

The starting point of the "decolonization of finance" process was rooted in the August Revolution of 1945. Upon the establishment of the Provisional Government of the Democratic Republic of Vietnam, one of the greatest legal challenges was dealing with the existence of the BIC—a "state within a state" that held the entire system of monetary issuance and foreign exchange reserves. The initial decrees issued by the Vietnamese government in 1945 aimed not only to freeze the BIC's assets but also to establish the legal precedent for the complete abolition of the privileges that the BIC had maintained for 70 years (Duong, 2021). This was a bold move within a global legal context that remained fraught with barriers for newly independent nations.

However, this process did not unfold simply through administrative documents. It was characterized by a series of protracted and cross-border legal disputes. On one hand, the French colonial authorities sought to restore the BIC's legal status through agreements such as the Preliminary Agreement of March 6 and subsequent frameworks within the French Union, aiming to maintain the "Franc Zone" (Zone Franc) as a mechanism to bind satellite nations (Meuleau, 1990). On the other hand, the formation of the National

Bank of Vietnam in 1951 served as a decisive legal lever, formally ending the monopoly of the BIC-issued Piastre and establishing a banking law system founded on independent sovereignty (Pham, 1997).

The mechanism for the "liquidation" of the BIC's privileges during this period also exposed conflicts among financial interest groups in Paris. Realizing the instability of the colonial regime, the financiers managing the BIC implemented legal strategies to shift assets from Indochina to safer markets in Africa and the Pacific, while simultaneously demanding compensation from the French government for losses incurred due to nationalization in the colonies (Gonjo, 2018). This raised a significant legal issue regarding compensation liability and the succession of concessions during the transitional period.

The Geneva Accords of 1954 served not only as a military milestone but also as the ultimate legal instrument forcing the BIC into a full liquidation of its operations in Northern Vietnam. This process occurred under strict supervision, where every currency unit and fixed asset became the subject of arduous legal negotiations (Aumiphin, 1994). Studying this period allows us to identify how colonial laws were dismantled and how a new financial system was constructed from the ruins of monopoly.

In summary, this introduction provides a comprehensive overview of the downfall of a "financial empire" under the impact of the wave of decolonization. Chapter 4 will delve into the analysis of resistance decrees, financial negotiations at the Fontainebleau and Geneva Conferences, and the long-lasting legal implications of terminating one of the most extensive banking privileges in the history of global colonialism (Murray, 1980; North, 1990).

1. THE AUGUST REVOLUTION AND THE DISRUPTION OF COLONIAL LEGALITY

The August Revolution of 1945 was not merely a pivotal transfer of political power; it induced an "institutional shock" that fractured the entire legal structure meticulously constructed by the French in Indochina over seven decades. Within this system, the *Banque de l'Indochine* (BIC) functioned as the central nucleus, operating through a dense network of Decrees (*Décrets*) and Conventions issued from Paris to establish absolute financial prerogative. However, the proclamation of the Declaration of Independence on September 2, 1945, immediately triggered a "disruption of legality." According to

North's (1990) theory of institutional change, when a society's fundamental rules are abruptly altered by a revolution, legacy institutions like the BIC fall into a state of legal non-recognition in the absence of new settlements. The BIC, transitioning from a "state within a state" controlling monetary issuance and foreign exchange, suddenly became an outlaw entity in the eyes of the nascent revolutionary government. This disruption led to a direct confrontation between the old colonial laws, which the French sought to maintain, and the new regulatory framework of the Provisional Government of the Democratic Republic of Vietnam, founded on the supreme principle of national sovereignty.

To formalize the dismantling of the BIC's legal stronghold, the Government of the Democratic Republic of Vietnam rapidly issued a series of decisive financial decrees aimed at neutralizing colonial privileges. These initial legal instruments focused not only on freezing the accounts of the former administrative apparatus but also on establishing strict control over cash flows and the operations of foreign banks, with the BIC as the primary target. The assault on the BIC's legitimacy was further manifested through the revolutionary government's rejection of the bank's right to unilaterally issue the Indochinese Piastre without the consent of the Vietnamese state. This dispute was not only an economic struggle but also a symbolic legal battle: the BIC attempted to validate its existence based on antiquated Conventions, while the Vietnamese Government asserted that all colonial prerogatives had tacitly expired upon the attainment of independence. This disruption serves as a testament that law cannot exist independently of the political entity that produces it; as the colonial regime collapsed, the legal instruments protecting the BIC simultaneously lost their moral and legal legitimacy (Gonjo, 2018).

The most vivid manifestation of this legal disruption was the currency war and the emergence of an independent exchange legal system associated with "Ho Chi Minh money." The enactment of the Decree of January 31, 1946, regarding the issuance of Vietnamese currency, represented a radical act of "legal decolonization," directly challenging the BIC's monopoly. By establishing a new currency with legal tender status based on the laws of the new Vietnam, the revolutionary government officially terminated the exclusive position the BIC had maintained since 1875. Although the BIC continued its efforts to utilize speculation, manipulation, and the non-recognition of revolutionary currency in occupied zones, the legitimacy of the colonial financial system had been irretrievably eroded in the eyes of legal

history. The shift of public trust from the colonial Piastre to the independent currency proved that the true source of sustainable banking law must be rooted in social consensus and national sovereignty rather than coercive privileges. The 1945-1946 period thus stands as a crucial milestone confirming the downfall of a financial empire under the weight of a new, more equitable, and autonomous legal order (State Bank of Vietnam, 1976; Duong, 2021).

2. THE "FRANC ZONE" AND THE LEGAL STRUGGLE AT FONTAINEBLEAU

The existence of the *Banque de l'Indochine* (BIC) in the post-1945 period cannot be separated from the structure of the "Franc Zone" (*Zone Franc*)—a legal and economic mechanism established to maintain the colonies' dependence on metropolitan France. The Franc Zone was not merely a monetary union but a "financial prison," where capital flows and exchange rates were managed from Paris through the BIC to serve the interests of the war-depleted French economy. In this context, the Fontainebleau Conference of 1946 emerged as a critical legal arena where the delegation of the Democratic Republic of Vietnam (DRV) sought to break the shackles of this monetary bloc to assert national financial sovereignty. This was not just a political negotiation but a clash of legal theories between two ideologies: the entrenched colonial order and the principle of national self-determination (North, 1990; Gonjo, 2018).

A deep analysis of the Franc Zone mechanism reveals that the BIC acted as Paris's loyal "gatekeeper" in Indochina. All exchange transactions for the Indochinese Piastre had to pass through an operations account at the French Treasury, creating a suffocating legal entanglement. Notably, the unilateral devaluation of the Piastre by France in late 1945 (from 10 Francs to 17 Francs per Piastre) without consulting Indochinese partners sparked a wave of legal indignation. According to Meuleau (1990), this was the most overt act of "monetary dictatorship," where the metropole utilized exchange-law powers to drain resources and induce hyperinflation in the colony, directly violating the economic rights of the indigenous population. This action by the BIC and the French Government became one of the primary legal catalysts for the subsequent breakdown of negotiations.

At the Fontainebleau Conference (July 1946), the legal struggle regarding the status of the BIC and the Indochinese currency was intensely contested. Prepared with meticulous legal scholarship, the Vietnamese

delegation presented resolute demands for monetary independence. Vietnam asserted that an independent nation must possess its own issuing bank and currency, which could not be reliant on a private institution like the BIC. Conversely, the French side employed arguments of "legal continuity" to justify the survival of the BIC's prerogatives. They contended that old decrees and conventions remained valid until a new agreement was reached. This stalemate underscored an unbridgeable gap between colonial legal logic and modern international law principles regarding autonomy (Murray, 1980; State Bank of Vietnam, 1976).

Another sophisticated legal dimension of the struggle at Fontainebleau involved Indochina's "Gold Reserve" and foreign exchange assets managed by the BIC. The Vietnamese delegation demanded the repatriation of these assets to the new government, arguing they represented national wealth accumulated through the labor of the Vietnamese people. The BIC and the French Government countered by citing provisions within the BIC Charter, asserting that these funds were the legal property of the bank and the metropole (Banque de l'Indochine, 1900). This dispute exposed the BIC's nature not merely as a bank but as a legal instrument for the "appropriation of national assets" under the guise of financial business.

The legal battle extended to issues of foreign trade control. Within the Franc Zone framework, all Vietnamese import-export activities were strictly regulated by French exchange laws, forcing Vietnam to prioritize purchasing French goods at inflated prices. Vietnamese negotiators strove to introduce clauses on trade freedom and exchange autonomy, yet these were consistently rejected by the French on the pretext of "protecting the stability of the Franc Zone." In reality, this was a legal measure designed to preserve the economic monopoly of the BIC and French capitalist conglomerates (Aumiphin, 1994; Robequain, 1944).

Ultimately, the Fontainebleau Conference failed to produce a comprehensive financial agreement, resulting in both parties maintaining adversarial monetary legal systems. This failure was not just a diplomatic setback but a testament to the irreparable rupture between a declining colonial legal system and a burgeoning national legal order. This process compelled the Vietnamese government to finalize its own financial legal apparatus, culminating in the establishment of the National Bank of Vietnam in 1951, which officially eliminated the BIC's influence from independent Vietnamese territory (Duong, 2021; Duong, 2026).

In summary, the legal struggle at Fontainebleau and the manipulation of the Franc Zone constitute a vital chapter in the history of global financial decolonization. It demonstrates that the BIC's monopoly was predicated not only on the power of money but also on an inequitable legal system. The fight to abolish these privileges was not merely an economic task but a legal revolution to reclaim dignity and sovereignty for the Vietnamese nation.

3. THE EMERGENCE OF SOVEREIGN BANKING LAWS (1951)

The emergence of the sovereign banking legal system in 1951, culminating in the establishment of the National Bank of Vietnam, marked a legal revolution aimed at completely eradicating the remnants of the *Banque de l'Indochine* (BIC). Throughout the period from 1945 to early 1951, although the revolutionary government had issued numerous financial control decrees, the legal reality in Vietnam remained in a state of complex diarchy. The signing of Decree No. 15/SL on May 6, 1951, by President Ho Chi Minh was not merely an administrative act; it was a proclamation of supreme financial sovereignty, directly negating the legitimacy of any remaining colonial financial institutions on Vietnamese territory. According to North's (1990) theory of institutional development, this was the moment when "path dependence" on the French banking system was entirely severed to make way for a new legal structure, where currency and credit became instruments for the nation rather than tools for capital accumulation for the metropole. This event served as the final blow to the BIC's issuance privilege, forcing the entity to retreat deep into temporarily occupied urban areas and lose all legal standing to operate as a central bank in Vietnam (State Bank of Vietnam, 1976; Duong, 2021).

A deep analysis of Decree No. 15/SL reveals a fundamental shift in banking legislative thought. Unlike the BIC Conventions, which emphasized private nature and shareholder profit, the 1951 sovereign banking law established the National Bank of Vietnam as a state authority with the exclusive right to issue banknotes and manage national foreign exchange reserves. The provisions in this decree established a solid legal barrier preventing the infiltration of the Indochinese Piastre into liberated zones. The legalization of the national bank's functions in controlling inflation and regulating agricultural credit stood in stark contrast to the BIC's "banque d'affaires" model, which focused solely on resource extraction industries

(Gonjo, 2018; Pham, 1997). The rise of the 1951 banking law also signified a decolonization of legal mindset, as Vietnamese legislators skillfully applied progressive principles of international law to assert that a legitimate government possesses the absolute right to expropriate banking privileges that are obsolete and harmful to national interests (Murray, 1980; Aumiphin, 1994).

The 1951 sovereign banking system also created a specialized credit management mechanism for the resistance, laying the groundwork for dismantling the BIC's monopolistic financing structures. Legally codified regulations on production credit, support for farmers, and weapons manufacturing allowed the revolutionary government to become self-sufficient in resources, reducing dependence on capital flows controlled by the BIC in urban centers. This was a silent yet fierce legal battle; the BIC utilized the exchange regulations of the Franc Zone to impose economic blockades, while the National Bank of Vietnam used monetary management laws within resistance zones to neutralize colonial currency influence. Legal enforcement during this period proved that the strength of a banking system lies not in the massive capital of Parisian financiers, but in the justice of laws serving human welfare (Meuleau, 1990; Hobsbawm, 1987). This struggle also exposed the BIC's legal decline as the bank was forced to accept the reality that French decrees no longer held practical effect over much of Vietnam, leading the BIC to begin shifting its legal and financial focus to safer jurisdictions (Duong, 2026; Robequain, 1944).

Furthermore, the emergence of the 1951 banking law offered a vital lesson in building a legal foundation for transparency and accountability. While the BIC always operated in the ambiguity between public function and private interest, the DRV's banking legal system laid the first bricks for a modern central banking model, where monetary issuance was tied to the actual strength of the national economy. The complete abolition of BIC privileges through the 1951 regulatory documents was not only a political victory but also an assertion of Vietnam's position in the international legal arena as a nation with full capacity for independent financial governance (Acemoglu & Robinson, 2012; North, 1991). By the end of this period, the BIC remained only a symbol of a fading colonial past, whereas the 1951 sovereign banking law opened a new era for Vietnamese financial history—an era of autonomy, fairness, and development for the benefit of the people rather than monopolistic profit (Banque de l'Indochine, 1954; Duong, 2020).

4. THE LIQUIDATION PROCESS AND COMPENSATION DISPUTES

The liquidation of the *Banque de l'Indochine* (BIC) operations following the 1954 Geneva Accords was far more than a mere accounting procedure; it was a grueling legal and diplomatic struggle to redefine property rights within the context of decolonization. The termination of issuance privileges and the withdrawal from Northern Vietnam thrust the BIC into an unprecedented legal predicament: how to settle the massive debts of the former colonial administration while preserving the interests of Parisian shareholders. According to North's (1990) institutional theory, this period saw a surge in legal "transaction costs" due to the lack of established rules for asset transfer between adversarial political systems. Compensation disputes centered not only on the physical value of buildings or treasuries but fundamentally on the legal succession of concessions signed during the colonial era. The BIC sought to employ international law principles regarding investment protection to demand adequate compensation, while the Vietnamese government asserted that colonial privileges were inherently illegal and created no compensation obligations for the independent state (State Bank of Vietnam, 1976; Duong, 2021).

The complexity of the liquidation further resided in the demarcation between the BIC's public and private assets. For nearly a century, the BIC had functioned as a "hybrid" entity—acting simultaneously as a commercial bank and a central bank. During liquidation, the BIC attempted to transfer maximum foreign exchange reserves and gold from Indochina back to France, arguing these were private assets belonging to shareholders. However, Vietnamese legislators, drawing on 1951 decrees, argued that the bulk of these reserves had been accumulated from budget surpluses and the labor of the indigenous population, and thus should be considered national assets inherited by the National Bank of Vietnam. This dispute led to a prolonged stalemate in financial negotiations in Paris and Hanoi, where every figure on the balance sheet became a subject of historical-legal debate (Gonjo, 2018; Meuleau, 1990). This event also exposed the BIC's nature as a tool for colonial capital accumulation, as they were willing to utilize legal loopholes to "disperse" assets before formal handover (Aumiphin, 1994; Murray, 1980).

Another pivotal aspect of the compensation disputes was the issue of exchange debts and loans that the French colonial government had borrowed from the BIC to fund war expenditures. The BIC demanded that the new

Vietnamese state or the French Government take responsibility for settling these debts. The Vietnamese side resolutely refused, utilizing the legal argument that debts incurred for the purpose of aggression cannot be inherited by the victimized nation. This dispute compelled the BIC to execute a "calculated retreat," shifting investments from the financial sector into industries and rubber plantations in Southern Vietnam or other colonies to mitigate legal risks (Duong, 2026; Robequain, 1944). The liquidation process in the North after 1954 became a quintessential lesson in dismantling a financial empire, where the legal provisions of the Geneva Accords served only as a framework, while specific implementation depended on the political strength and negotiating prowess of the revolutionary government (Pham, 1997; Hobsbawm, 1987).

Ultimately, at the conclusion of the liquidation process, the BIC completely lost its monopolistic status in Vietnam, marking the collapse of a financial-legal model imposed from abroad. The compensation disputes, despite their length and complexity, finally affirmed a supreme legal principle: national self-determination transcends colonial economic privileges. The BIC's forced acceptance of liquidation and withdrawal served as evidence of a fundamental shift in the post-war international legal order, where newly independent nations possessed the right to reconstruct their financial systems from the ruins of monopoly. The legacy of this liquidation process continues to provide valuable lessons for modern banking legislation, particularly in managing national assets and protecting monetary sovereignty against international financial institutions (Acemoglu & Robinson, 2012; North, 1991). The historical narrative of the BIC thus concludes with a chapter on legal justice, where unjust privileges finally surrendered to the rise of autonomous national law (Banque de l’Indochine, 1954; Duong, 2020).

5. THE LEGACY OF THE BANQUE DE L'INDOCHINE IN MODERN FINANCIAL LAW

Studying the legacy of the *Banque de l’Indochine* (BIC) within the framework of modern financial law is not merely a journey into the past, but an endeavor to decode the underlying structures that continue to influence central bank governance and financial regulations in Vietnam and other post-colonial nations. The BIC’s legacy provides a profound lesson on the dangers of the "hybrid bank" model—where the boundaries between state regulatory functions and private interests are blurred. According to North’s (1990)

institutional theory, old legal structures often leave deep imprints (path dependence), ensuring that the construction of a modern banking law system requires a radical departure from colonial monopolistic thinking. The most significant legacy the BIC left to modern financial law is the acceleration of the legal process to fully separate the central bank's monetary issuance function from the business functions of commercial banks, thereby ensuring transparency and national sovereignty (State Bank of Vietnam, 1976; Duong, 2021).

From a comparative law perspective, the BIC's operational model has provided an essential "counter-example" for legislators when drafting the modern Law on the State Bank and the Law on Credit Institutions. The privileges the BIC once held through colonial decrees proved that when a financial institution possesses excessive legal power without public oversight, it becomes a tool for economic manipulation. The BIC's legacy has indirectly shaped legislative thinking regarding the limitation of cross-ownership and the prevention of "financial empires" capable of manipulating national monetary policy. Researchers such as Acemoglu & Robinson (2012) have pointed out that "extractive" institutions like the BIC are barriers to sustainable development, and dismantling these legal legacies is a prerequisite for building a fair and inclusive financial system (Gonjo, 2018; Duong, 2020).

Furthermore, the BIC's legacy persists in the manner in which modern financial law handles foreign exchange management and national reserves. The legal disputes during the 1954 liquidation process provided invaluable experience in establishing ownership rights over national assets. Modern law has inherited and developed stricter regulations to protect gold and foreign currency reserves from seizure by foreign interest groups or private corporations. The shift from a system based on monopolistic conventions to one based on public and transparent statutory law is a testament to the maturation of Vietnam's financial judiciary. Studying the BIC allows policymakers to better understand the importance of maintaining a legal "firewall" between economic interests and monetary sovereignty (Meuleau, 1990; Murray, 1980).

In today's context of globalization, the BIC's legacy serves as a reminder of the risks of financial dependence on international monetary blocs in the absence of a strong domestic legal system. The legal struggles at Fontainebleau or Geneva regarding the status of the Piastre within the Franc Zone have become practical resources for Vietnam to formulate legal

strategies in international financial integration today. The BIC's legacy is not just French architectural buildings or dusty archival records; it is a historical warning about protecting the independence of banking law from external pressures. Consequently, today's modern financial law emphasizes not only the efficient operation of capital flows but also prioritizes the protection of national financial security and the interests of depositors—groups that were largely ignored in the BIC's monopolistic decrees of the past (Aumiphin, 1994; Duong, 2026).

In summary, the legacy of the *Banque de l'Indochine* is an inseparable part of the evolution of Vietnamese financial law. By analyzing the errors and injustices within the BIC's colonial legal system, we clearly see the value of an autonomous, equitable banking law system oriented toward the general development of society. The complete dismantling of the BIC's monopolistic legacy is not a denial of history but a selective inheritance of vital lessons to build a more solid and transparent financial future (North, 1991; Hobsbawm, 1987). The BIC's legacy will thus forever serve as a "mirror" for modern legislators in their journey to protect sovereignty and promote national economic prosperity (Banque de l'Indochine, 1954; Pham, 1997).

CONCLUSION

Reflecting on the historical trajectory from 1945 to 1954, the collapse of the *Banque de l'Indochine* (BIC) was not merely the termination of a financial institution's operations but served as the most potent symbol of the disintegration of the colonial legal order in Vietnam. The journey to liquidate the BIC's privileges stands as a vivid testament to the evolutionary laws of institutions within the context of decolonization. As North (1990) elucidated, institutions never exist in a vacuum; they are sustained by political power and legal legitimacy. When the August Revolution of 1945 fractured the political foundations of French colonialism, the BIC's legitimacy collapsed accordingly, creating a dramatic transfer of financial power. This chapter has demonstrated that regardless of the BIC's attempts to cling to antiquated Conventions or the protection of the Franc Zone, the wave of Vietnamese national self-determination forged a new, more equitable, and autonomous legal system, transforming once "inviolable" privileges into vestiges of the past (State Bank of Vietnam, 1976; Duong, 2021).

In summary, three primary pillars shaped the BIC's legal downfall during this period. First was the fierce confrontation between colonial law and

revolutionary law immediately following 1945. The enactment of financial control decrees and the issuance of a national currency by the Democratic Republic of Vietnam constituted a direct assault on the BIC's monopoly. Second was the diplomatic and legal struggle at the Fontainebleau Conference, where Vietnam exposed the extractive nature of the Franc Zone and asserted that monetary independence is an inseparable component of national sovereignty (Meuleau, 1990; Gonjo, 2018). Third was the establishment of the National Bank of Vietnam in 1951, an event that served as the legal "death knell" for the BIC's status in Vietnam. Codifying the functions of a modern central bank not only empowered Vietnam with resource autonomy for the resistance but also established a new standard for national financial governance, entirely divorced from the colonial speculative model (Pham, 1997; Murray, 1980).

The liquidation process and compensation disputes post-1954 also offer profound lessons regarding the transfer of national assets. Arduous negotiations over gold reserves, foreign exchange, and public debt revealed that the BIC was not just a bank but a complex politico-economic entity. Vietnam's resolute refusal to inherit aggressive war debts and its assertion of ownership over reserve funds constituted a significant victory in international jurisprudence. This affirmed that in the process of decolonization, newly independent nations possess the absolute right to reject unjust financial obligations imposed during periods of subjugation (Aumiphin, 1994; Acemoglu & Robinson, 2012). The BIC's downfall thus stands as a quintessential example showing that the power of national law, when rooted in justice and public support, can overcome even the mightiest financial empires (Hobsbawm, 1987; Robequain, 1944).

The BIC's legacy in modern financial law remains a highly valuable "mirror." The errors concerning cross-ownership, issuance monopoly, and the BIC's lack of transparency have compelled Vietnamese legislators to construct a more rigorous banking law system that prioritizes safety and the rights of the citizens. The transition from an institution serving metropolitan capital accumulation to a banking system serving national economic development is the greatest achievement of financial decolonization. This book concludes a painful yet heroic chapter of history, affirming that monetary sovereignty is the "lifeblood" of national sovereignty. Understanding the BIC's legal history not only helps us appreciate current independence but also provides the necessary knowledge to protect the national financial system

against the challenges of globalization and neo-colonial economic forms (North, 1991; Duong, 2026).

Ultimately, the story of the *Banque de l'Indochine's* liquidation is a testament to a historical truth: every institution built upon oppression and injustice must eventually dissolve before the power of truth and self-determination. The *Banque de l'Indochine* may have receded into the past, but the lessons of sovereignty, law, and financial autonomy it left behind will always remain valid for future generations. Vietnam has risen from the ruins of colonial monopoly to build a robust financial foundation, and that journey began with the arduous legal battle to abolish the BIC's privileges (Banque de l'Indochine, 1954; Duong, 2020). This Chapter 4 concludes as an affirmation of the dignity and intellectual strength of the Vietnamese people on the path to reclaiming control over their own financial destiny.

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GENERAL CONCLUSION

Reflecting on the nearly 80-year journey (1875–1954) of the Banque de l'Indochine (BIC) through a legal history lens, it can be affirmed that this was not merely the history of a financial institution, but one of the most sophisticated and persistent experiments of French financial colonialism in Southeast Asia. This monograph has elucidated that the BIC's prosperity did not stem from the natural movement of market laws but was guaranteed by the coercive power of the colonial state through a system of regulatory instruments meticulously designed to legitimize extraction and control a nation's economic destiny.

Firstly, regarding the formation of a monopolistic legal framework. The formation of the legal framework for the Banque de l'Indochine (BIC) was not a spontaneous development of the financial market, but a systematic process of "legalizing" colonial privileges. From its inception, the BIC was established as a special legal entity where the boundaries between private and state interests were blurred to serve the ultimate objective of the French metropole: comprehensive control of financial resources in Indochina.

The core of this legal framework resided in the Decree of January 21, 1875, a document regarded as both the "birth certificate" and the "constitution" for all BIC activities. According to North (1990), institutions are human-devised constraints that shape political, economic, and social interaction. In this case, the French government established formal "rules of the game" through the 1875 Decree to reduce transaction costs for French capitalist syndicates while creating a mechanism of absolute legal protection against any competition from indigenous entities or other imperial powers (North, 1990; Meuleau, 1990).

The BIC's legal framework possessed the characteristics of quintessential "extractive institutions" as described by Acemoglu and Robinson (2012). Legal regulations were not aimed at creating an open financial market or protecting the rights of local depositors; instead, they were designed to concentrate economic power in the hands of a small elite in Paris. Granting the BIC a legal status that transcended ordinary colonial commercial laws transformed the bank into a "state within a state," where financial decisions carried the weight of administrative mandates (Acemoglu & Robinson, 2012; Aumiphin, 1994).

Furthermore, the formation of this monopoly was reinforced by a system of Conventions signed between the French Ministry of Colonies and the BIC's Board of Directors. These documents were not merely business agreements but legal instruments that internationalized the imposition. Gonjo (2018) points out that this legal framework created a "path dependence," causing the Indochinese financial system to be locked into French regulations for nearly a century. The symbiosis between the colonial administration and the BIC created an intricate legal web where decrees on exchange rates and tariffs were consistently drafted to protect the BIC's core interests (Gonjo, 2018; Duong, 2021).

From a legal history perspective, the formation of this monopolistic framework was a process of "appropriating sovereignty through documentation." The abolition of indigenous currency regulations and their replacement with decrees from Paris constituted a sophisticated act of legal dispossession. As Hobsbawm (1987) argued, imperialism was not just the occupation of territory but also the imposition of the metropole's legal order onto colonial lands to transform them into constituent parts of a global economic system led by the empire (Hobsbawm, 1987; State Bank of Vietnam, 1976).

In conclusion, the BIC's monopolistic legal framework was built upon three pillars: absolute state protection, the blurring of public-private boundaries, and the dispossession of local legal sovereignty. It was this robust legal foundation that allowed the BIC not only to survive various crises but also to expand its power, becoming the most effective instrument of financial colonialism in Indochina (Murray, 1980; Duong, 2026).

Secondly, concerning the dispossession of monetary sovereignty. In the trajectory of colonial financial history, the Banque de l'Indochine's (BIC) possession of monetary issuance privileges was not merely a technical economic solution but a systematic act of legal sovereignty dispossession. Monetary sovereignty, as defined by modern legal scholars, is the core power of an independent state to establish a payment system, value its currency unit, and manage circulation (State Bank of Vietnam, 1976). However, through legal instruments from Paris, the BIC transformed the Indochinese Piastre from a symbol of national autonomy into a financial chain binding the indigenous economy to the French orbit.

The rupture of monetary sovereignty began with the abolition of the indigenous court's minting rights. Periodic issuance Conventions

(Conventions) formalized the transfer of power from the State to a private institution. Under the lens of Acemoglu and Robinson's (2012) "Extractive Institutions" theory, this issuance privilege was an extreme tool for concentrating economic power. By controlling the money supply and pegging the Piastre's exchange rate to the French Franc, the BIC stripped local authorities of their ability to implement independent fiscal and monetary policies, forcing the entire system to serve the objective of exporting surplus to the metropole (Acemoglu & Robinson, 2012; Aumiphin, 1994).

Furthermore, maintaining the "Franc Zone" was a sophisticated legal strategy to perpetuate dependence. According to North (1991), institutions create the framework for economic development, but in the Indochinese context, this framework created a detrimental "path dependence." The BIC acted not only as a bank of issue but also as the gatekeeper for all capital flows entering and leaving the colony. Any change in exchange rates or foreign exchange regulations in Paris caused direct shocks to the economic lives of the indigenous people, who had no legal right to intervene or resist (North, 1991; Gonjo, 2018).

From a legal history perspective, this dispossession was part of the "age of empire" described by Hobsbawm (1987), where empires expanded their power by imposing monetary laws on occupied territories. The dispossession of monetary sovereignty laid the groundwork for the dominance of French financial capital over agriculture and industry in Indochina. Consequently, all surplus value generated in Vietnam was denominated in a currency over which the Vietnamese people had no control, leading to a sustained weakening of national internal strength (Hobsbawm, 1987; Murray, 1980).

This book emphasizes that reclaiming monetary sovereignty after 1945 was not just about changing banknotes, but a legal revolution aimed at dismantling the monopolistic structure that had existed for 80 years. The birth of Vietnamese currency after the August Revolution was a firm assertion of restoring legal sovereignty and abolishing the "inviolable" privileges that the BIC had built upon the appropriation of national self-determination (Duong, 2021; Duong, 2026).

In conclusion, the dispossession of monetary sovereignty under the BIC is a quintessential example of how colonial law served the goal of financial exploitation in its most thorough form. It demonstrates that without monetary autonomy, political independence remains symbolic, and the

national economy will forever be a "periphery" drained by imperial "centers" (Meuleau, 1990; Pham, 1997).

Thirdly, on the manipulation of the commercial banking legal system. One of the most significant contributions of this monograph is the clarification of how the Banque de l'Indochine (BIC) transcended its role as a bank of issue to become an economic "empire" through the manipulation of the commercial banking legal system. The BIC's success in monopolizing key industries relied not only on financial prowess but also on a sophisticated legal strategy that transformed credit and commercial regulations into barriers to prevent the development of competitors (Gonjo, 2018; Meuleau, 1990).

Throughout the colonial period, the banking law system in Indochina was designed to create "privileged zones" for French capital. Under North's (1990) lens, these legal institutions shaped the structure of economic incentives in favor of the BIC. By deeply participating in the drafting of decrees on mortgages, agricultural credit, and commercial laws, the BIC skillfully embedded clauses that allowed it to hold control over the assets of borrowing enterprises. This transformed loans into not just financial instruments but also legal tools to execute forced mergers and acquisitions (M&A) (North, 1990; Murray, 1980).

Furthermore, the BIC utilized its unique legal status to manipulate the capital market. According to the "Extractive Institutions" theory of Acemoglu and Robinson (2012), the BIC's expansion into the rubber and mining industries in Cochinchina and other colonial territories was the result of a legal system that hindered access to credit for the indigenous population. The BIC established stringent standards for collateral and corporate legality that only French subsidiaries or strategic partners could meet. This created a monopolistic loop: the law protected the bank, the bank provided capital to interest groups, and these groups continued to lobby for the maintenance of protective laws (Acemoglu & Robinson, 2012; Robequain, 1944).

This manipulation was also evident in the exploitation of foreign exchange regulations and international commercial laws to suppress other private banks. Aumiphin (1994) points out that the BIC used the privileges inscribed in its Conventions to control capital flows into capital-intensive industries. The "backdoor" relationship between the BIC leadership and colonial officials turned banking regulations into tools to eliminate competition from British or American banks, as well as large Chinese trading houses in Cho Lon. Consequently, a "closed" economic ecosystem was

formed, in which the BIC played the roles of both arbiter and lead player (Aumiphin, 1994; Duong, 2021).

From a legal history perspective, the BIC's manipulation of the commercial banking legal system exemplifies how law can be "captured" by financial interest groups. As Hobsbawm (1987) remarked, financial capital in the age of empire is inseparable from political and legal power. This book concludes that the fall of the BIC after 1945 also signified the end of an era where commercial banking law served only a colonial minority, paving the way for the construction of a financial legal system dedicated to national sovereignty and equitable development (Hobsbawm, 1987; Duong, 2026; State Bank of Vietnam, 1976).

Fourthly, regarding the liquidation and financial decolonization process. The period from 1945 to 1954 marked the most volatile and dramatic chapter in the legal history of the Banque de l'Indochine (BIC): the collapse of an old order and the emergence of an independent financial system. The process of liquidating the BIC's privileges was not merely an administrative or financial procedure but an arduous legal struggle to implement financial decolonization, reclaiming national sovereignty from an "empire" that had been rooted for nearly 80 years (State Bank of Vietnam, 1976; Meuleau, 1990).

Following the August Revolution of 1945, the legitimacy of the Decrees and Conventions issued by the French Government for the BIC was directly challenged by the revolutionary administration. According to North's (1990) theory, when a major shift in the political regime occurs, old "rules of the game" are destabilized. The Government of the Democratic Republic of Vietnam's declaration to abolish the BIC's privileges and issue an independent currency was a revolutionary legal act, breaking the "path dependence" that had locked the Vietnamese economy into the Franc Zone for decades (North, 1990; Duong, 2021).

However, this process unfolded amidst complex tensions between the parties. At financial negotiation conferences such as Da Lat and Fontainebleau, the French side attempted to utilize legal arguments regarding "succession" and "private property rights" to protect the BIC's assets and status. Contrastingly, through the lens of Acemoglu and Robinson's (2012) "Extractive Institutions" theory, it is evident that the colonialists sought to maintain old structures to continue siphoning resources even as their political power waned. The French resistance, manifested in the establishment of the

Issue Institute of Indochinese States (Institut d'Emission) after 1950, was an attempt to delay decolonization and retain the BIC as a financial "gatekeeper" (Acemoglu & Robinson, 2012; Aumiphin, 1994; Gonjo, 2018).

True liquidation only arrived after the 1954 Geneva Accords, when the legal basis for the BIC's existence in Northern Vietnam was completely eliminated. The settlement of debts, transfer of assets, and termination of issuance privileges were decisive steps toward establishing a genuine national banking system. Hobsbawm (1987) argued that the end of empires is often accompanied by the dissolution of monopolistic financial structures. In the Vietnamese context, the departure of the BIC was not just the end of a corporation, but the collapse of a legal doctrine that viewed the colony as a perpetually dependent economic entity (Hobsbawm, 1987; Murray, 1980).

This book concludes that the process of liquidation and financial decolonization serves as a testament to the power of national sovereignty in reconstructing the legal order. The lessons learned from handling asset disputes with the BIC and reclaiming foreign exchange control remain highly relevant for building an independent and autonomous economy in the modern era. The legacy of this struggle laid a solid foundation for the formation and development of the National Bank of Vietnam, affirming that there is no true political independence without a financial system completely emancipated from colonial legal shackles (Duong, 2020; Duong, 2026; Pham, 1997).

Historical Lessons and Legacy. In closing the dossier on the Banque de l'Indochine (BIC), we do not merely conclude the history of a colonial financial institution but open a chapter on classic lessons regarding the organic relationship between legal sovereignty and national monetary security. The legacy left by the BIC serves as a costly lesson on the intrinsic link between political independence and financial autonomy. For modern legislators, the legal history of the BIC remains a valid reference for central bank governance, controlling cross-ownership, and safeguarding national financial security against the impacts of globalization (State Bank of Vietnam, 1976; Meuleau, 1990).

Firstly, the lesson on the cohesion between political independence and financial autonomy. This monograph has clarified that political independence becomes fragile if not accompanied by monetary self-determination. The BIC existed as a "state within a state" by appropriating issuance privileges and exchange control. According to North (1990), economic institutions are decisive factors in the functioning of a society; in the

case of Indochina, the absence of an independent monetary system left the entire indigenous administration paralyzed before financial mandates from Paris. This lesson reminds contemporary nations that protecting the national currency and the right to conduct monetary policy is the ultimate "fortress" of national sovereignty (North, 1990; Duong, 2021).

Secondly, the reference value in central bank governance and controlling cross-ownership. The history of the BIC is a vivid testament to the risks of a "hybrid" banking model—where private interests are shielded by state power. The BIC's dual role as a bank of issue and an investment bank deeply involved in rubber and mining conglomerates created an intricate web of cross-ownership, leading to policy manipulation. Through the lens of Acemoglu and Robinson (2012), this was a quintessential "extractive institution" where the law was "captured" (regulatory capture) by interest groups to create privileges. For today's legislators, separating the state management functions of the central bank from commercial activities, while establishing strict cross-ownership control mechanisms, is a vital lesson for ensuring the transparency of the financial system (Acemoglu & Robinson, 2012; Gonjo, 2018; Murray, 1980).

Thirdly, national financial security in the era of globalization. The BIC's legacy demonstrates how an external financial power can utilize legal institutions to control a nation's economic arteries. In today's globalized context, nations still face new forms of "financial colonialism" through public debt or the dominance of multinational corporations. Studying how the BIC manipulated exchange rates and capital flows helps policymakers identify early risks to financial security and build "legal barriers" to protect national resources (Aumiphin, 1994; Duong, 2020).

Fourthly, selective inheritance and the decolonization of thought. Completely dismantling the BIC's monopolistic legacy is not a denial of history but a selective inheritance to build a more transparent and equitable financial future. We inherit the banking technocracy, cash flow management methods, and international trade rules introduced by the French, while resolutely eliminating unequal clauses and exploitative monopolistic mechanisms. The transition from the Issue Institute to the National Bank of Vietnam was a process of decolonizing legal thought, asserting the people's ownership over national assets (Hobsbawm, 1987; Pham, 1997).

Ultimately, this monograph affirms a fundamental truth: national sovereignty is the ultimate foundation. Any borrowed or imposed legal

framework not based on the interests of the people and national sovereignty will inevitably be discarded by the laws of historical evolution. The BIC concluded its mission after nearly a century of expansion, but the lessons of monetary sovereignty will forever serve as a guiding compass for the sustainable and resilient development of the nation. Law only possesses true power when it becomes a tool to protect justice and the legitimate rights of the people, rather than a chain of foreign privileges (North, 1991; Duong, 2026; Le, 1954).

MONETARY SOVEREIGNTY AND COLONIAL MONOPOLY:

A LEGAL HISTORY OF THE BANQUE DE L'INDOCHINE

For nearly a century, the Banque de l'Indochine was more than a bank: it issued the currency of French Indochina, financed its trade and shaped its law. This monograph reads the bank's history through its legal texts — the decrees, conventions and statutes that turned a joint-stock company into an instrument of colonial power.

Drawing on archives in Ho Chi Minh City and Paris, the book follows four movements: the legal framework of 1875–1954, the issuance privilege and the loss of monetary sovereignty, the evolution of commercial banking law, and the disputes that liquidated the bank's privileges after 1945.

A resource for historians, legal scholars and anyone interested in the legal foundations of Vietnam's financial system.

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